August 18, 2020

The Honorable Mitch McConnell Majority Leader United States Senate Washington, DC 20510 The Honorable Nancy Pelosi Speaker U.S. House of Representatives Washington, DC 20515

The Honorable Steven Mnuchin Secretary U.S. Treasury Washington, DC 20220

RE: Implementation of the Executive Order Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster

Dear Speaker Pelosi, Majority Leader McConnell, and Secretary Mnuchin,

The undersigned organizations urge the Administration and Congress to come together on a path that provides much-needed tax relief for families without the uncertainty associated with the recent payroll tax Executive Order (EO).

Under current law, the EO creates a substantial tax liability for employees at the end of the deferral period. Without Congressional action to forgive this liability, it threatens to impose serious hardships on employees who will face a large tax bill as a result of deferral. The following chart demonstrates the magnitude of the potential tax bill compared to immediate benefit of deferral.

Income	Bi-Weekly Pay	Increase Per Pay Period	Tax Bill Due in 2021 (based on 9 pay periods)
\$35,000	\$1,346.15	\$83.46	\$ 751.15
\$50,000	\$1,923.08	\$119.23	\$1,073.08
\$75,000	\$2,884.62	\$178.85	\$1,609.62
\$104,000	\$4,000.00	\$248.00	\$ 2,232.00

If this were a suspension of the payroll tax so that employees were not forced to pay it back later, implementation would be less challenging. But under a simple deferral, employees would be stuck with a large tax bill in 2021. Many of our members consider it unfair to employees to make a decision that would force a big tax bill on them next year. It would also be unworkable to implement a system where employees make this decision. Therefore, many of our members will likely decline to implement deferral, choosing instead to continue to withhold and remit to the government the payroll taxes required by law. We hope Congress and the Administration come together on a path that supports workers instead of burdening hardworking Americans with a large tax bill next year.

Sincerely,

Aeronautical Repair Station Association

America's SBDC

American Apparel & Footwear Association

American Home Furnishings Alliance

American Society of Association Executives

Associated General Contractors of America

Brick Industry Association

DHI Door Security + Safety Professionals

Foodservice Equipment Distributors Association

Independent Electrical Contractors

Metals Service Center Institute

Motor & Equipment Manufacturers Association (MEMA)

National Apartment Association

National Association of Chain Drug Stores

National Association of Federally-Insured Credit Unions

National Association of Government Guaranteed Lenders

National Association of Manufacturers

National Association of Professional Employer Organizations

National Association of REALTORS

National Association of Security Companies

National Association of Wholesaler-Distributors

National Council of Chain Restaurants

National Investor Relations Institute

National Multifamily Housing Council

National Parking Association

National Restaurant Association

National Retail Federation

National Stone, Sand & Gravel Association

North American Association of Food Equipment Manufacturers (NAFEM)

S Corporation Association

U.S. Chamber of Commerce

Vinyl Institute

Wine & Spirits Wholesalers of America