



1099-MISC BOX 10 PRINT MISALIGNMENT

UAN was recently alerted to a printing misalignment of **Box 10 (Gross proceeds paid to an attorney)** on the **2020 1099-Misc** forms. Of nearly 2,100 UAN clients, only 60 have ever used this box in UAN. Those clients will receive a separate e-mail with detailed instructions to correct the alignment in case they use Box 10 again for 2020. If your entity does NOT require **Box 10** of the 1099-Misc in UAN to report any “Gross proceeds paid to an attorney” for 2020, please ignore this notice. If you DO require **Box 10** for 2020 and you do not receive the separate detailed instructions to correct the printing alignment, contact UAN Support at 1-800-833-8261.

PAYROLL TAX DEFERRAL UPDATE

An executive order signed by President Donald Trump in August allowed for employers to optionally defer withholding Social Security (SS) taxes from paychecks dated prior to December 31, 2020 for employees earning less than \$2,000 per week. Employers that deferred Social Security withholdings in 2020 must recover and remit those withholdings during 2021. The Tax Relief Act of 2020, passed on December 27th, extended the withholding recovery deadline from its original date of April 30, 2021 to **December 31, 2021**.

In consideration of this new deadline, we are providing updated instructions below for implementing the SS recovery **for any clients who chose to defer SS withholdings in 2020** pursuant to the deferral program. Additional information explaining the program can be found in the September 21, 2020 UAN User Note, available on the UANLink website in the Communications News Archive.

<https://uanlink.ohioauditor.gov/communications/2020.html>

PAYROLL TAX DEFERRAL INSTRUCTIONS UPDATED

If you participated in the deferral program, updated instructions for 2021 SS recovery are below.

Before the next payroll dated in 2021 (pay period dates are not relevant)

- 1) **If you have not already done so**, add a new SS Recovery withholding.
 - a. In Payroll > Maintenance > Withholdings, click Add.
 - b. Enter an appropriate name, such as “2020 Social Security Recovery”.
 - c. Select Process Group K00 “Miscellaneous Withholding”.

- d. Select your Federal tax payee and location.
- 2) Add the SS Recovery withholding to each applicable employee.
 - a. In Payroll > Maintenance > Employees, select every employee who had Social Security taxes deferred in 2020, then click Edit.
 - b. On the Withholdings tab, click Add and select the new withholding. Fill out all of the required details and be sure to attach all earnings subject to Social Security. A default per-wage withholding amount may be entered if desired, but UAN Support cannot suggest default amounts or distributions for particular situations.
 - c. Click Save and proceed to edit any remaining employees.

During 2021

- 1) Monitor the SS Recovery withholding on each payroll during 2021.
 - a. Throughout 2021, for each employee, keep track of their 2020 deferral total, the amount recovered to date, and the amount remaining to be withheld.
 - b. The total amount deferred for each employee must be recovered by December 31, 2021.
 - c. When the full deferral for a particular employee has been withheld, the SS Recovery withholding for that employee should be deactivated (see steps '1b' and '1c' in the section below titled "After December 31, 2021"). Be careful not to withhold more than was deferred.
 - d. Note that UAN Support cannot suggest withholding amounts or pay period distributions for particular situations.
- 2) Remit the recovered SS withholdings along with regular federal withholdings.

After March 31, 2021

- 1) Edit 2021 1st quarter Form 941.
 - a. Determine the total of SS Recovery withholdings on the Withholding Detail report, for the first quarter, in Payroll > Reports & Statements > Withholding Reports. Be sure to click the Filters tab and change Status to "All" before creating the report.
Tentative - The IRS has not yet released any related guidance on potential changes to the 2021 941 form. UAN cannot provide additional detail at this time.

After June 30, 2021 and September 30, 2021

- 1) Edit 2021 2nd and 3rd quarter Forms 941 as needed (see "After March 31, 2021" above).

After December 31, 2021

- 1) Deactivate the new SS Recovery withholding.
 - a. In Payroll > Maintenance > Withholdings, select the SS Recovery withholding and click Deactivate.
 - b. In Payroll > Maintenance > Employees, select every employee with the SS Recovery withholding attached, then click Edit.

- c. On the Withholdings tab, select the SS Recovery withholding and click Deactivate.
 - d. Click Save and proceed to edit any remaining employees.
- 2) Remit any remaining unrecovered SS withholdings in Accounting > Transactions > Payments.
- 3) Edit 2021 4th quarter Form 941 (if necessary).
 - a. Determine the total of SS Recovery withholdings on the Withholding Detail report, for the fourth quarter, in Payroll > Reports & Statements > Withholding Reports. Be sure to click the Filters tab and change Status to “All” before creating the report. Add the amount paid from Accounting in Step 2 above (if applicable). Note that any deferrals that cannot be recovered from employees by December 31 must be paid by your entity, and reported as taxable income unless arrangements are made with the employees to reimburse your entity. *Tentative - The IRS has not yet released any related guidance on potential changes to the 2021 941 form. UAN cannot provide additional detail at this time.*
- 4) Edit 2021 Forms W-2 to reflect the recovered deferrals. Note that any deferral paid by your entity that is not recovered from an employee must be reported as taxable income unless the employee reimburses your entity before the end of 2021. *Tentative - The IRS has not yet released any related guidance on potential changes to the 2021 W-2 form. UAN cannot provide additional detail at this time.*

As a final note, while current law requires repayment of all 2020 Social Security deferrals, Section 4 of the executive order authorizing the deferral program reads as follows: “*The Secretary of the Treasury shall explore avenues, including legislation, to eliminate the obligation to pay the taxes deferred pursuant to the implementation of this memorandum.*” It is unknown if any such change will occur, nor what impact it would have on reporting and/or refunding of Social Security taxes withheld in 2021. At this time, UAN Support cannot provide any information about potential future changes to the repayment requirement.

For reference, the complete original executive order is available at this link:

<https://www.whitehouse.gov> > Budget > Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster.