

September 3, 2020  
DP090301.NS4**MEMORANDUM****TO:** All RCUH Employees**FROM:** Nelson Sakamoto   
Director of Human Resources**SUBJECT: RCUH will Not Implement the Payroll Tax Deferral**

The Research Corporation of the University of Hawai'i will not implement the Payroll Tax Deferral announced by President Trump on August 8, 2020. All RCUH Employees will continue to see payroll tax withholding for their share (e.g., 6.2% of pre-tax earnings up to \$137,700 earnings for 2020) of the Social Security OASDI tax (Old Age, Survivors, and Disability Insurance).

Reason: On August 28, 2020 the Internal Revenue Service (IRS) issued guidance on this Payroll Tax Deferral. The IRS guidance does not require Employers to suspend the OASDI tax withholding. Under current tax law any Payroll Tax Deferral would need to be paid in the first quarter of calendar year 2021. There is no provision in the current Internal Revenue Code (e.g., Tax law) to exempt Employees from repaying any deferred OASDI tax. Only Congress has the authority to change the Internal Revenue Code to exempt this repayment. Therefore, any Employer who suspends their Employees' OASDI tax would need to pay these deferred taxes by double-deducting from their employees' pre-tax earnings from January 1, 2021 through April 30, 2021. This would mean, instead of a 6.2% OASDI tax withholding, the Employer would need to deduct 12.4% from the Employees' pre-tax earnings for their share of the OASDI tax. Failure to repay any deferred OASDI tax by April 30, 2021 would result in penalties and interest assessments against the Employer.