



New Actions by the President May Offer Assistance to Club Employees

With Congress deadlocked on the “Phase 4” COVID-19 relief bill, the President stepped forward with new executive orders. Two of those – a deferral of employee Social Security tax payments and a resumption of federal unemployment benefits – will impact your club and staff.

The deferred payroll tax applies to your employees’ 6.2% Social Security tax. The deferment is from September 1 through December 31. Only employees making less than \$104,000/year qualify for the tax break. Club employees’ 1.45% Medicare payroll tax must still be paid from each paycheck.

With the September 1 start date, club leaders must communicate clearly with their eligible employees that, as of now, this is a **deferment** and the taxes will need to be repaid at some point. Questions as to who has to repay these taxes – clubs or employees, when and whether clubs be on the hook if employees are gone around. This could also cause some employees to decline the deferral. The Treasury Dept. will issue guidance soon – we hope.

<https://www.whitehouse.gov/presidential-actions/memorandum-deferring-payroll-tax-obligations-light-ongoing-covid-19-disaster/>

As for the new federal unemployment benefit, it is now set at \$400/week. The federal government will provide \$300 and states can provide the other \$100 (mostly from federally provided COVID relief funds). This benefit is in addition to each state’s weekly unemployment benefit.

The federal government has set aside \$44B to pay for this benefit. If the state does not agree to the \$300/\$100 financing split, then the amount will simply be \$300/week – all from the feds. The benefit begins July 27 and ends when the \$44B is depleted or on December 6, whichever occurs first.

<https://www.whitehouse.gov/presidential-actions/memorandum-authorizing-needs-assistance-program-major-disaster-declarations-related-coronavirus-disease-2019/>

These executive orders could have been avoided had Congressional leaders been able to reach a deal on the Phase 4 bill, but during the last two weeks that proved hard to do. They are now on their August Recess, but may try to resume talks later this week or next. Without Congressional action, clubs will not see movement on things like improvements to the Employee Retention Tax Credit (ERTC) program, a new refundable tax credit for COVID-19 expenses (e.g. PPE, testing costs and cleaning supplies), or immunity from COVID-19 related lawsuits – all of which drew some form of agreement during the previous negotiations.

If you have question on this or any of the previous COVID-19 bills, please reach out. For those of you in the Golden State CMAA Ch., I’m providing a webinar on these topics this Thursday at 9:00 a.m. (PT), so make sure to register and bring your questions. For those of you in other CMAA Chapters, I’m happy to help any way I can – just let me know!

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