

IRM PROCEDURAL UPDATE

DATE: 09/22/2020

NUMBER: wi-21-0920-1033

SUBJECT: Notice 2020-65; Presidential Memorandum of August 8, 2020

AFFECTED IRM(S)/SUBSECTION(S): 21.7.2

IRM 21.7.2.7 Revised text and cross references to address a COVID-19 tax relief related Presidential Memorandum signed on August 8, 2020, along with subsequent related Notice 2020-65; changes included adding a new (4) and renumbering subsequent paragraphs.

1. This section of the IRM provides guidance on applying recently enacted legislation and administrative tax relief applicable to employment taxes.
2. Recent legislation with direct impact on employment tax administration for tax year 2020 includes:
 - Sections 7001, 7003, and 7005 of P.L. 116-127, *Families First Coronavirus Response Act (FFCRA)*, established new refundable employment tax credits for employers that apply to qualified sick leave wages and qualified paid family leave wages (collectively "qualified leave wages") new credits paid for the period from April 1, 2020 and through December 31, 2020. Additionally, the qualified leave wages are not subject to the employer's share of security tax (or Railroad Retirement Tax Act Tier 1 tax). See IRM 21.7.2.7.1, *Credit for Qualified Sick and Family Leave Wages*, for more information.
 - Section 2301 of P.L. 116-136, *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, established a new refundable employee retention tax credit applicable to qualified wages paid after March 12, 2020 and before January 1, 2021. See IRM 21.7.2.7.2, *Employee Retention Credit*, for more information.
 - Section 3606 of P.L. 116-136, authorized the Service to provide advance payments of the FFCRA credits identified above to employers prior to the filing of the corresponding employment tax return. See IRM 21.7.2.7.5, *Form 7200, Advance Payment of Employer Credits due to COVID-19*, for more information. Section 2301(l) authorized the Service to provide advance payments of the Employee Retention Credit.
 - Section 2302 of the CARES Act defers the required payment due date for the employer's share of social security taxes effective March 27, 2020 and applicable to wages paid before January 1, 2021. 50 percent of the amounts for which payment can be deferred are due by December 31, 2021 with the remaining 50 percent due by December 31, 2022. See IRM 21.7.2.7.3, *Deferred Payment of Social Security*

Taxes for 2020, and IRM 21.7.2.7.3.1, Deferred Payment of Employer's Share of Social Security Taxes for 2020, for more information.

3. The Service has provided administrative relief for certain employment tax obligations in addition to the legislative relief provided in the FFCRA and the CARES Act. The most notable administrative relief provisions for purposes of handling employment tax account related issues addressed in this IRM are described in IRM 21.7.2.7.4, *Other COVID-19 Related Employment Tax Relief — Notice 2020-22, Notice 2020-23, and Notice 2020-35.*
4. On August 8, 2020, the President issued a Presidential Memorandum directing the Secretary of the Treasury to use his authority pursuant to Section 7508A of the Internal Revenue Code to defer the withholding, deposit, and payment of certain payroll tax obligations. As specified in Notice 2020-65, the Secretary has determined that employers required to withhold social security taxes or the equivalent portion of Tier 1 railroad retirement taxes (RRTA) from wages paid to employees are affected taxpayers for purposes of the relief described in the Presidential Memorandum and in Notice 2020-65. See IRM 21.7.2.7.3, *Deferred Payment of Social Security Taxes for 2020*, and IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020*, for more information.
5. Administering the new credits and other employment tax relief requires substantial revision to employment tax forms for 2020:
 - Form 941 was revised effective with the second quarter of 2020 to administer the new credits and deferred payment features of the legislation. The form was subsequently revised effective with the third quarter of 2020 to administer the deferral of taxes per the Presidential Memorandum of Aug 8, 2020 and Notice 2020-65.
 - Annual employment tax forms (Form 943, Form 944, and Form CT-1) are also currently being revised for tax year 2020.
 - In addition, the Service developed Form 7200, *Advance Payment of Employer Credits Due to COVID-19*, for taxpayers to file requests for advance payments.
6. Due to timing matters, Form 941 for the first quarter of 2020 could not be revised before the filing due date to report certain aspects of the legislative employment tax relief applicable to a portion of that tax period. See IRM 21.7.2.7.6, *First Quarter 2020 Form 941 — Employee Retention Credits, Deferred Payments, and Notice 1447*, for guidance on handling taxpayer responses related to first quarter 2020 reporting matters.
7. Adjusting employment tax accounts for 2020 will, in many cases, require special handling. See IRM 21.7.2.7.7, *COVID-19 Related Employment Tax Relief and Forms 94XX*, for more information.

IRM 21.7.2.7.3 Revised/retitled to serve as lead-in subsection for new and revised content in three new subordinate subsections. Content formerly found in this subsection moved to, and revised as appropriate in, new subsections IRM 21.7.2.7.3.1 and IRM 21.7.2.7.3.3; subsection IRM 21.7.2.7.3.2 is new content.

1. Two relief provisions allow certain employers to defer some deposits and payments of social security and Tier 1 railroad retirement taxes otherwise due for 2020:
 - o Section 2302 of P.L. 116-136, *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, allows **all employers** to defer the deposit and payment of the employer's share of social security taxes and certain railroad retirement taxes. See IRM 21.7.2.7.3.1 *Deferred Payment of Employer's Share of Social Security Taxes for 2020*, for more information.
 - o Guidance provided in Notice 2020-65, issued after a related Presidential Memorandum was signed by the President on August 8, 2020, allows employers to defer the withholding and payment of employee's share of social security taxes for certain employees. See IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020*, for more information.
2. Due to timing matters, the first quarter 2020 Form 941 could not be revised to include a line for reporting amounts due on or after March 27, 2020 for which payment could be deferred. See IRM 21.7.2.7.6, *First Quarter 2020 Form 941 — Employee Retention Credits, Deferred Payments, and Notice 1447*, for guidance on handling taxpayer inquiries with regards to that topic.
3. The Service is administering deferred payments of social security taxes for 2020 by posting CRN 280 "credit" transactions to impacted employment tax accounts and then reversing them, in part or in full, as of appropriate effective dates. See IRM 21.7.2.7.3.3, *Credit Reference Number (CRN) 280*, for more information.

CAUTION: Although a CRN is being used for this purpose, amounts posted with CRN 280 do **NOT** represent a refundable credit. Rather, CRN 280 amounts are a "false" credit solely used for the tax administrative purpose of "masking" balances owing specifically attributable to deferred payment amounts **until** the earlier of payment being made or the due dates for payment.

IRM 21.7.2.7.3.1 New subsection created for placement and revision of a portion of the content formerly found in IRM 21.7.2.7.3.

Deferred Payment of Employer's Share of Social Security Taxes for 2020

1. Section 2302 of P.L. 116-136, *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, allows **all employers** to defer the deposit and

payment of the employer's share of social security taxes and certain railroad retirement taxes.

NOTE: Employers that received a Paycheck Protection Program (PPP) loan are no longer prohibited from deferring deposit and payment of the employer's share of social security tax after the receipt of the lender's decision forgiving all or a portion of the loan. A provision in the CARES Act that barred such employers from deferring payment was repealed with enactment of the Paycheck Protection Program Flexibility Act of 2020 (PPP Flexibility Act) on June 5, 2020.

NOTE: Self-employed individuals may defer the payment of 50 percent of the social security tax on net earnings from self-employment income.

2. The deferral applies to deposits and payments of the employer's share of social security tax that would otherwise be due on or after March 27, 2020, and before January 1, 2021 (i.e., the "payroll tax deferral period"), as well as deposits and payments due after December 31, 2020 that are required for wages paid during the quarter ending on December 31, 2020.
3. Generally, the employer's share of social security tax is 50 percent of column 2, Line 5a of Form 941 plus 50 percent of column 2, Line 5b of Form 941. However, the maximum amount that can be deferred is modified for certain third-party payers of sick pay and employers reporting Section 3121(q) Notice and Demand amounts:
 - Third-party payers of sick pay who aren't an agent (e.g., an insurance company) must reduce the amount of the employer's share of social security tax reported on line 5a by any adjustment taken on Form 941, Line 8 for the employer share of social security tax transferred to their client to determine the maximum amount of tax for which payment can be deferred.
 - Employers who receive a Section 3121(q) Notice and Demand for tax due on unreported tips (Letter 3263 or Letter 4520) must report the amount for the employer share of social security tax and Medicare tax on Form 941, Line 5f. The employer's share of social security tax is shown on an attachment to Letter 3263 or Letter 4520 and payment for that amount can be deferred.
4. An employer that is eligible to claim the refundable Credit for Qualified Sick and Family Leave Wages (see IRM 21.7.2.7.1, *Credit for Qualified Sick and Family Leave Wages*) or the Employee Retention Credit (see IRM 21.7.2.7.2, *Employee Retention Credit*) can defer its deposit and payment of the employer's share of social security tax prior to determining the amount of employment tax deposits that it may retain in anticipation of these credits, the amount of any advance payments of these credits, or the amount of any refunds with respect to these credits.

NOTE: The ability to defer deposits of the employer's share of social security tax is in addition to the relief provided in Notice 2020-22. (Notice 2020-22 provides relief from the failure to deposit penalty for not making deposits of

employment taxes, including taxes withheld from employees, in anticipation of the Credit for Qualified Sick and Family Leave Wages and the Employee Retention Credit.)

5. The maximum amount of employer's share of social security taxes that can be deferred each quarter is the smaller of:
 - The employer's share of social security tax; or,
 - Total taxes after adjustments (from Line 10 of Form 941) **less** any amount of QSB Research Credit (from Line 11a of Form 941) and **less** total deposits made for the quarter (from Line 13a of Form 941).

REMINDER: Qualified sick and family leave wages aren't subject to the employer share of social security tax. Therefore, employers cannot include the employee social security taxes reported on lines 5a(i) and 5a(ii) in determining amounts for which payment can be deferred.

NOTE: Employers do not reduce the maximum amount for which payment can be deferred by any amounts of non-refundable credits reported on Line 11a, Line 11b, or Line 11c of Form 941.

CAUTION: The deferred amount of the employer's share of social security tax is a deferral of deposits and payments, not a deferral of liability. Accordingly, employers can't defer tax that they already paid and will **not** receive a refund or credit of any amount of the employer's share of social security tax that was already deposited or paid for a quarter (unless such refund is with respect to the nonrefundable portion of the credit for qualified sick and family leave wages reported on line 11(b) or the employee retention credit reported on line 11(c)).

6. Amounts of employer's share of social security taxes eligible to be deferred must be paid by the following dates (i.e. "applicable dates") in order to avoid late payment or federal tax deposit penalties:
 - 50 percent of the deferred amount is due on or by December 31, 2021.
 - The remaining 50 percent of the deferred amount is due on or by December 31, 2022.
7. Employers may pay deferred amounts of employer's share of social security taxes electronically using EFTPS (preferred), by credit or debit card, or by a check or money order (the address for payment is found in the instructions for the appropriate employment tax return). When using EFTPS to pay deferred amounts, the employer should select the appropriate employment tax form filed (e.g., Form 941), the appropriate 2020 tax period for which the payment is being made, and indicate it is a payment relating to an IRS notice.

NOTE: For deferred payment administration purposes, deposits and payments will generally be considered as being applied to the employee's share of social security tax and Medicare taxes, the employer's share of Medicare taxes, income tax withholding, and employer's share of social security taxes, in that order.

8. As indicated above, one-half of the deferred employer's share of social security tax is due by December 31, 2021, and the remainder is due by December 31, 2022. Any payment(s) or deposit(s) the employer makes before December 31, 2021 is first applied against the deferred amount due on December 31, 2021 and then applied against the deferred amount due on December 31, 2022.

EXAMPLE: The employer's share of social security tax for the second quarter of 2020 was \$20,000. The employer deposited \$5,000 of the \$20,000 during the quarter and reported a deferred payment amount of \$15,000 on line 13b of Form 941. In this situation, the employer must pay \$5,000 by December 31, 2021 (half of the \$20,000 maximum deferral less the \$5,000 already paid), and the remaining \$10,000 by December 31, 2022.

EXAMPLE: The employer's share of social security tax for the second quarter of 2020 was \$24,000. The employer deposited \$18,000 of the \$24,000 during the second quarter and reported a deferred payment amount of \$6,000 on line 13b of Form 941. In this situation, no payment is due by December 31, 2021 because the amount already paid exceeds the 50 percent due by that date. The \$6,000 deferral amount must be paid in full instead by December 31, 2022, the second due date for deferral amounts.

EXCEPTION: If the taxpayer is also deferring amounts of employee's share of social security taxes under Notice 2020-65 provisions, any payment(s) made for to the account will be applied to those amounts first before being applied to deferred amounts of employer's share of social security taxes. See IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020*, for more information.

9. The Service currently plans on issuing reminder notices shortly before the December 31, 2021 and December 31, 2022 due dates for payment of deferred amounts of employer's share of social security taxes.
10. The Service is administering deferred payments of employer's share of social security taxes for 2020, as well as deferrals of employee's share of social security taxes under Notice 2020-65 provisions (see IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020*) by posting CRN 280 "credit" transactions to impacted employment tax accounts and then reversing them, in part or in full, as of appropriate effective dates. See IRM 21.7.2.7.3.3, *Credit Reference Number (CRN) 280*, for more information.

CAUTION: Although a CRN is being used for this purpose, amounts posted with CRN 280 do **NOT** represent a refundable credit. Rather, CRN 280 amounts are a "false" credit solely used for the tax administrative purpose of "masking" balances owing specifically attributable to deferred payment amounts **until** the earlier of payment being made or the due dates for payment.

11. Employment tax forms are being revised to administer the deferred payment of employer's share of social security tax:
 - Form 941 has been revised beginning with the second quarter of 2020. The amount of the employer's share of social security tax that the taxpayer is deferring for the quarter is entered on Line 13b of Form 941 (and will post as a TC 766 with CRN 280).

CAUTION: Deferrals of employee's share of social security taxes under Notice 2020-65 provisions are also being reported on Line 13b of Form 941. The amount reported on Line 13b will be the total of the deferrals of both the employer's share and the employee's share of social security taxes. See IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020* and IRM 21.7.2.7.3.3, *Credit Reference Number (CRN) 280*, for more information.

- Due to timing matters, the first quarter 2020 Form 941 could not be revised to include a line for reporting amounts due on or after March 27, 2020 for which payment could be deferred. See IRM 21.7.2.7.6, *First Quarter 2020 Form 941 — Employee Retention Credits, Deferred Payments, and Notice 1447*, for guidance on handling taxpayer inquiries with regards to that topic.
- Annual employment tax forms and instructions are also currently being revised to enable reporting deferred payment amounts.

CAUTION: In no case will employers be required to make a special election to be able to defer deposits and payments of these employment taxes.

12. If a taxpayer contacts the Service for more information about the deferral of tax deposits for employer's share of social security taxes, general information as described above or as found in form instructions can be provided. For out of scope inquiries, refer the taxpayer to guidance on the [irs.gov](https://www.irs.gov) website at Deferral of employment tax deposits and payments through December 31, 2020.

REMINDER: If a taxpayer has questions on other new employment tax credits or Coronavirus relief provisions, refer the taxpayer to guidance on the [irs.gov](https://www.irs.gov) website at New Employer Tax Credits and Coronavirus Tax Relief for Businesses and Tax-Exempt Entities.

IRM 21.7.2.7.3.2 New subsection created to address deferral of employee's share of social security taxes as per the Presidential Memorandum of August 8, 2020 and subsequent Notice 2020-65.

Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020

1. On August 8, 2020, the President issued a Presidential Memorandum directing the Secretary of the Treasury to use his authority pursuant to Section 7508A of the Internal Revenue Code to defer the withholding, deposit, and payment of certain payroll tax obligations.
 - As specified in Notice 2020-65 , the Secretary has determined that employers required to withhold social security taxes or the equivalent portion of Tier 1 railroad retirement taxes (RRTA) from wages paid to employees are affected taxpayers for purposes of the relief described in the Presidential Memorandum and in Notice 2020-65.
 - Accordingly, for wages paid during the period beginning on September 30, 2020 and ending on December 31, 2020, if an employee's wages are less than \$4,000 in any bi-weekly pay period (or the equivalent threshold amount for other pay period intervals), the due date for withholding and payment of the employee's share of social security or the equivalent portion of Tier 1 railroad retirement taxes (RRTA) on applicable wages is postponed until the period beginning on January 1, 2021 and ending on April 30, 2021. The deferral eligibility determination for an employee is made on a pay period-by-pay period basis for wages paid during the period beginning on September 30, 2020 and ending on December 31, 2020.
 - Employers must withhold the total taxes deferred under Notice 2020-65 ratably from wages and compensation paid between January 1, 2021 and April 30, 2021. If necessary (e.g., employment ends for an effected individual), the employer may make arrangements to otherwise collect the total applicable taxes from the employee.
 - If the employer does not fully pay taxes that were deferred by April 30, 2021, applicable interest, penalties, and additions to tax will begin to accrue on the unpaid amounts on May 1, 2021.
2. The IRS will **not** be issuing reminder notices for payment of deferred amounts of employee's share of social security taxes before the April 30, 2021 due date.
3. The Service is administering deferred payments of employee's share of social security taxes for 2020, as well as deferrals of employer's share of social security taxes under Section 2302 of the CARES Act (see IRM 21.7.2.7.3.1, *Deferred Payment of Employer's Share of Social Security Taxes for 2020*) by posting CRN 280 "credit" transactions to impacted employment tax accounts and then reversing them, in part or in full, as of appropriate effective dates. See IRM 21.7.2.7.3.3, *Credit Reference Number (CRN) 280*, for more information.

CAUTION: Although a CRN is being used for this purpose, amounts posted with CRN 280 do **NOT** represent a refundable credit. Rather, CRN 280 amounts are a "false" credit solely used for the tax administrative purpose of "masking" balances owing specifically attributable to deferred payment amounts **until** the earlier of payment being made or the due dates for payment.

4. Form 941 is being revised for third and fourth quarters of 2020 to enable employers to report deferred amounts of employee's share of social security taxes.
- Taxpayers will be instructed to include deferred amounts of employee's share of social security taxes on Line 13b combined with any amount for deferred payment of employer's share of social security taxes (i.e., a single CRN 280 amount will be posted for both amounts).
 - Taxpayers will also be instructed to enter the amount of deferred employee's share of social security taxes on Line 24 of Form 941. The figure entered by the taxpayer on Line 24 will be used by the IRS in combination with the Line 13b entry to determine the amounts due on the respective due dates for employee's share deferral amounts (April 30, 2021) and employer's share deferral amounts (December 31, 2021 and December 31, 2022) reported as a total figure on Line 13b.
5. Due to timing issues, field displays on TXMOD and BMFOL cannot be updated to reflect the re-purposing Line 24 of Form 941 as described above until January of 2021 (i.e., 2020 end of year conversion). (See (2) of IRM 21.7.2.7.7, *COVID-19 Related Employment Tax Relief and Forms 94XX*, for discussion of TC 970 transactions and new data field displays.) In the meantime, IRS employees must take care to correctly interpret field names and values when analyzing tax accounts, making adjustments, and interacting with callers. The following table illustrates how figures from Line 24 of Form 941 correlate to field name displays on TXMOD and BMFOL before and after 2020 end of year conversion:

Tax Period	Form 941, Line 24 Description	TC 970 Field Name (through December of 2020)	Display in Posted Return Data on TXMOD/BMFOL (beginning January 2021)
202006	Qualified wages paid March 13 through March 31, 2020, for the employee retention credit	QLFY-EMPL-MARCH-WG-PD-AMT	QLFY-EMPL-MARCH-WG-PD-AMT
202009	Deferred amount of the employee share of social security tax included on line 13b	QLFY-EMPL-MARCH-WG-PD-AMT	DEFERRED-EE-FICA-AMT
202012	Deferred amount of the employee share of social security tax included on line	N/A (202012 Form 941 tax returns will not post until	DEFERRED-EE-FICA-AMT

	13b	after end of year conversion)	
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NOTE: IRN 208 will be used to adjust the fields described above for all three referenced tax periods. Programming will "point" any IRN 208 change to the correct field based on the tax period associated with input and alter the field value appropriately. See the table in (2) of IRM 21.7.2.7.7, *COVID-19 Related Employment Tax Relief and Forms 94XX*, for more information on IRN usage for 2020 Form 941.

6. The table that follows provides guidance for handling some common inquiries related to deferral of employee's share of social security taxes for 2020:

If	Then
A taxpayer contacts the Service with questions regarding the Presidential Memorandum, Notice 2020-65, or deferral of employee social security taxes (or Tier 1 railroad retirement taxes)	Refer the caller to Notice 2020-65 and advise them to monitor the irs.gov website at Coronavirus Tax Relief for Businesses and Tax-Exempt Entities for any additional guidance.
If a taxpayer asks if the relief provided in Notice 2020-65 is optional	Advise the taxpayer as follows: <ul style="list-style-type: none"> ○ Notice 2020-65 provides employers with relief under section 7508A of the Internal Revenue Code. ○ The relief allows employers to postpone the due date for the withholding and payment of the employee share of social security tax (or the equivalent portion of the Tier 1 RRTA tax) on certain wages. ○ Like all relief provided under section 7508A, the relief for employers under Notice 2020-65 is optional. ○ Employers may, but are not required, to utilize the relief.
A taxpayer asks if they can permit employees to opt-out or opt-in	Advise the taxpayer as follows: <ul style="list-style-type: none"> ○ Notice 2020-65 does not address how an employer chooses to implement the relief in Notice 2020-65. ○ Accordingly, nothing precludes the employer from getting employee input on whether to apply the relief to postpone the due date for the

	withholding and payment of the employee share of social security tax on certain wages or compensation paid to the employee.
A taxpayer asks who (employer or employee) pays taxes that were deferred under Notice 2020-65	<p>Advise the taxpayer as follows:</p> <ul style="list-style-type: none"> ○ Under Notice 2020-65, if an employer defers employee social security taxes (or Tier 1 railroad retirement taxes), the employer must withhold and pay the taxes that were deferred ratably from wages or compensation paid between January 1, 2021 and April 30, 2021. ○ If the employer is unable to withhold the employee social security taxes (or Tier 1 railroad retirement taxes) that were deferred from the employee's wages or compensation because an employee terminates employment before April 30, 2021, or for another reason, the employer may make other arrangements to collect the deferred taxes from the employee. ○ The employer is liable to pay the deferred taxes to the IRS and must do so by April 30, 2021 to avoid being charged penalties, interest, or other additions to tax on those amounts.

NOTE: This subsection will be updated as additional information on handling becomes available.

IRM 21.7.2.7.3.3 New subsection created for placement and revision of a portion of the content formerly found in IRM 21.7.2.7.3.

Credit Reference Number (CRN) 280

1. See IRM 21.7.2.7.3.1, *Deferred Payment of Employer's Share of Social Security Taxes for 2020*, and IRM 21.7.2.7.3.2, *Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020*, for

- discussion of 2020 social security taxes for which payment can be deferred and associated due dates for payment.
2. The Service is administering deferred payments of social security taxes for 2020 by posting CRN 280 "credit" transactions to impacted employment tax accounts and then reversing them, in part or in full, as of appropriate effective dates.
 3. Although a CRN is being used for this purpose, the amounts posted with CRN 280 do **NOT** represent a refundable credit. Rather, CRN 280 amounts are a "false" credit solely used for the tax administrative purpose of "masking" balances owing specifically attributable to deferred payment amounts **until** the earlier of payment being made or the due dates for payment (April 30, 2021, December 31, 2021 and December 31, 2022 as applicable).
 4. The posting of CRN 280 and subsequent reversals as of appropriate effective dates will ensure that penalty and interest calculations associated with 2020 deferred payment amounts are accurately computed and posted by Masterfile.
 5. The figure reported by a taxpayer on Line 13b of Form 941 (or equivalent line on annual employment tax returns) is transcribed (up to the maximum calculated deferral amount) and posted with the original return as a CRN 280 "credit" for the same amount.
 6. When return posting analysis is conducted, module balance computations are completed to ensure that CRN 280 amount being posted with the original return does not trigger an overpayment condition that would include a portion of the CRN 280 deferral "credit".
 - o To the extent that some portion of a CRN 280 amount would otherwise be incorrectly included in the overpayment figure upon settlement, BMF Masterfile will simultaneously post a CRN 280 reversal transaction such that any remaining overpayment upon posting will consist solely of amounts permitted to offset or refund.
 - o For Form 941, if the account module balance (AMB) upon return settlement is more than the sum of the posted (unreversed) CRN 296 credit amount, and the CRN 299 credit amount, and the computed Line 11b amount, and the computed Line 11c amount, a CRN 280 reversal (TC 767) will be posted for the excess amount (AMB minus sum of specified items) up to, but not more than, the amount of any posted CRN 280.
 7. Subsequent to the posting of an original return with a CRN 280 amount, any payment made to the account, or overpayment arising on the account (e.g., an overpayment created by the processing of a Form 941-X), will trigger computer analysis of the CRN 280 amount and CRN 280 reversals for appropriate amounts and effective dates (i.e., payments and overpayments on the account will generally be applied to deferred payment amounts prior to being considered available for refund or offset).
 8. The Service currently plans on issuing reminder notices shortly before the December 31, 2021 and December 31, 2022 due dates for payment of deferred amounts of employer's share of social security taxes. However, no reminder notice is planned in regards to the April 30, 2021 due date for payment of deferred amounts of employee's share of social security taxes.

9. If the taxpayer does not pay the amounts owing when due, the computer will reverse the appropriate amount of posted CRN 280 “credit” as of the payment due date (April 30, 2021, December 31, 2021 and/or December 31, 2022 as appropriate). If the taxpayer does not pay the amounts owing when due, penalties and interest will begin to accrue from the applicable payment due date.
10. This IRM will be updated as more information becomes available with regards to administering 2020 deferred payment amounts, including any necessary manual adjustments when payments are applied to accounts or tax adjustments need to be made. In the meantime, if action needs to be taken on an account with a posted CRN 280 amount, contact the IRM author through your management chain and the site P&A Staff for guidance on handling the case.

IRM 21.7.2.7(2) Revised table entries to correct references to several IRNs. Also, revised to address expanded use of IRN 208.

1. Form 941 as revised for the second quarter (and remainder) of 2020 includes new lines for reporting tax information related to COVID-19 employment tax relief.
2. Due to timing issues, the associated new fields and field values reported on revised Form 941 could not be posted in the posted return information sections of Command Codes (CC) TXMOD and BMFOLR. Instead, the field names and field values will be recorded in the posted transaction sections of CC TXMOD and CC BMFOLT with a TC 970 transaction. The TC 970 field displays, corresponding Form 941 line numbers, and Item Reference Number (IRN) or Credit Reference Number (CRN) for adjustment purposes are as follows:

TC 970 Field Name	Form 941 Line Number	IRN/CRN
SSW-COVID-SICK-LEAVE-AMT	Line 5a(i), Col. 1	IRN 200 for wages, IRN 112 for associated tax
QLFY-EMPL-MARCH-WG-PD-AMT	Line 5a(ii), Col. 1	IRN 201 for wages, IRN 112 for associated tax
CREDIT-QLFY-COVID-SICK-FAM-AMT	Line 11b	IRN 202
CREDIT-COVID-EMPL-RTNTN-AMT	Line 11c	IRN 203
DEFERRED-SECT-2302-	Line 13b	CRN 280 to alter posted transaction amount, posted field value will not

AMT		change.
RFDBL-COVID-SICK-FAM-AMT	Line 13c	CRN 299 to alter posted transaction amount, posted field value will not change.
RFDBL-EMPL-RTNTN-CR-COVID-AMT	Line 13d	CRN 296 to alter posted transaction amount, posted field value will not change.
F7200-ADVANCE-PAYMENTS-AMT	Line 13f	N/A
QLFY-HLTH-PLN-EXPNS-AI-AMT	Line 19	IRN 204
QLFY-HLTH-PLN-EXPNS-AII-AMT	Line 20	IRN 205
QLFY-WGS-EMPL-RTNTN-COVID-AMT	Line 21	IRN 206
QLFY-HLTH-PLN-EXPNS-RPT-AMT	Line 22	IRN 207
QTR-CREDIT-F5884C-AMT	Line 23	N/A
QLFY-EMPL-MARCH-WG-PD-AMT	Line 24	IRN 208 CAUTION: Line 24 represents different tax reporting items for 202006 versus 202009 and 202012. See (4) in IRM 21.7.2.7.3.2, <i>Notice 2020-65 — Deferred Payment of Employee's Share of Social Security Taxes for 2020</i> , for more information.
QLFY-HLTH-PLN-MARCH-AMT	Line 25	IRN 209

CAUTION: All other IRN and CRN usage for Form 941 remains in place. However certain existing lines of Form 941 were renumbered with the current revision. Most notably, previous Line 11 is now Line 11a and will continue to be adjusted with IRN 119.

NOTE: During 2020 end of year conversion, the TC 970 fields and values will be migrated to the posted return information sections of Command Codes (CC) TXMOD and BMFOLR and the associated TC 970 "carrying" transactions will no longer be displayed.

3. The adjustment formula for second, third and fourth quarter 2020 Form 941 for CC ADJ54 purposes will be as follows: the sum of IRNs 111, 112, 114, and 113 **less** IRN 119 **less** IRN 202 **less** IRN 203.
4. Procedures for adjusting 2020 employment tax accounts are currently under development. This subsection will be updated as additional information becomes available.