

COVID-19-Related Quarterly Filing

During the coronavirus (COVID-19) pandemic, we're sensitive to your challenge of focusing on your business as we support your tax filing and payment activities. We're closely monitoring the requirements of federal and state tax agencies under these circumstances.

Quarter-End Packages for Third Quarter

To maintain the safety of you and our employees during the COVID-19 pandemic, you cannot pick up your Quarter-End package at a Paychex branch location as our offices are still closed to the public until further notice. Be sure to contact your Paychex representative to verify or change your delivery method and mailing address if necessary. We can also convert you to paperless reports, which is a fast and easy way to receive your reports each quarter.

Form 941 and Form 7200

During the COVID-19 pandemic, the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act both provide refundable tax credits for qualifying wages for:

- Employee Retention Tax Credit (CARES Act)
- Refund of wages paid for qualified sick leave (FFCRA)
- Refund of wages paid for qualified expanded family leave (FFCRA)

As a result, the Form 941 has been extensively revised for the remainder of 2020. Two other factors that may affect this return are:

- Filing Form(s) 7200
- Employer Deferral of Social Security Tax

For more detail on these topics, go to the [Customer Support during COVID-19 FAQs](#) on paychex.com.

What's New with Form 941

There is now a Worksheet included with the return titled Credit for Sick and Family Leave Wages and the Employee Retention Credit.

Based on the information you reported to Paychex, we'll complete the worksheet and use this information to complete the revised 941.

941 Return

We'll complete the updated Form 941 based on the information you've reported to Paychex, including:

- Qualified wages for qualified sick leave and family leave wages
- Qualified health plan expenses on qualified sick and family leave wages
- Qualified wages for the employee retention credit
- Qualified health plan expenses on wages reported for the employee retention credit
- Employer social security tax you've deferred
- Advances received from filing Form(s) 7200

Important – We'll report this information based on what you've reported to Paychex, including any advances you've received from filing Form(s) 7200. Refer to the Form 7200 section for additional about what we need from you.

The 941 has been expanded to three pages to accommodate additional reporting for COVID-19 related wages and employer tax credits.

Schedule R

Due to IRS requirements for reporting COVID-19 tax credits and social security tax deferrals, Paychex will be filing a schedule R (Allocation Schedule for Aggregate Form 941 Filers) for the remaining quarters of 2020.

Schedule B

Schedule B for semiweekly schedule depositors has also been revised. Schedule B amounts will be reduced by the employer social security tax credits based on the information you reported to Paychex.

Form 7200

If you have elected to receive a tax credit Paychex will apply the amount of the credits to your federal tax liability each time you process payroll, which in most cases is the quickest way to access the credit. If the amount of the credit exceeds the federal liability, and you choose not to carry the credit forward to the liability for the next check date, you can complete one or more Forms 7200 (Advance Payment of Employer Credits Due to COVID-19) to apply for an accelerated credit from the IRS.

Important Form 7200 Filing Information

If you file Form 7200, you must inform Paychex as set forth below. If you do not inform Paychex that you filed these forms, you likely will incur penalties assessed by the IRS and your federal quarterly returns will be incorrect because Paychex will be applying your COVID-19 tax credits when you process payroll. You will be solely responsible for any penalties and interest assessed. Before you decide to file a Form 7200 evaluate whether it is a benefit to you as **Paychex is applying your COVID-19 tax credits when you process payroll.**

What You Need to Do

Provide Paychex with the following:

- A copy of all Forms 7200 as soon as possible, but no later than the last day of the current quarter
- Contact name, phone number, and email address
- Date you filed the Form 7200
- Quarter Form 7200 was filed for

What Paychex Will Do

- Report your Form 7200 information on federal returns based on what you reported

New Employer Social Security Tax Deferral Information

On June 3, 2020, the PPP Flexibility Act was passed. As part of this Act, if you received a Paycheck Protection Program (PPP) Loan, you can defer deposit and payment of your share of social security tax December 31, 2020, whether or not your loan was forgiven. Previously, you could only defer deposit and payment of this tax until your PPP loan was forgiven.

As a reminder, the amount of deposit and payment of your share of social security that was deferred will be due as follows: 50% due by December 31, 2021, and the remaining 50% due by December 31, 2022 or as otherwise set forth in the FFCRA/CARES Act tax credits and deferrals addendum to the service agreement between you and Paychex.

Work Opportunity Tax Credit

- Work Opportunity Tax Credit (WOTC) (section 51 of the Internal Revenue Code): No wages used for WOTC are eligible for COVID-19 tax credits.

Recent Expanded COVID-19 Financial Relief

President Trump, interceding when Congress did not come to an agreement on a stimulus bill, signed one executive order and three memoranda on August 8, 2020, aimed at providing financial assistance and relief to Americans amid the ongoing COVID-19 pandemic.

However, the orders created many questions about how each would be implemented, and legal challenges are expected. The subjects of the executive order and memoranda are:

- Extension of unemployment insurance benefits (memorandum)
- Deferral of payroll tax obligations (memorandum)
- Extension of student loan payment deferral period (memorandum)
- Eviction filings and late fees (executive order)

For a summary of what we currently know as of August 11, 2020, go to the Paychex WORX article [Extension of Unemployment Insurance Benefit and Payroll Tax Deferral Memoranda Could See Legal Challenges](#).

Additional Resources

As we receive additional guidance from the IRS about these topics, we'll update the following resources

- [Customer Support during COVID-19](#)
- [Coronavirus \(COVID-19\) Help Center](#)

State Resources

In response to the COVID-19 pandemic, state and local governments continue to issue new and modify existing executive orders. At the same time, the federal government is providing additional guidance to help keep people safe and coordinate re-opening efforts.

We realize the challenges this represents and want to help you navigate these regulations. We've created a [COVID-19 Resources by State](#) webpage with details on your state's response, plus other valuable information such as:

- Stay-at-Home or Shelter-in-Place orders
- Collection processes
- Leave law and regulations
- Links to additional resources (state labor agencies, state COVID-19 pages)

Overview

Paychex is committed to helping you prepare and plan for quarter-end. Use this guide to help make sure you have a successful quarter-end. We value your business and look forward to helping you with your payroll processing needs.

Quarter-End Reporting Deadline

The deadline for reporting third quarter payroll information or changes to your payroll contact is **5:00 p.m. Wednesday, September 30, 2020**, or before your first payroll with an October check date, whichever is earlier. If you need any adjustments after the deadline, please inform your payroll contact immediately. We can reprocess the tax returns after the deadline; however, **there will be an additional charge and a processing delay.**

Note: If you work with an accounting professional, please remind them to report payroll-related adjustments on or before the deadline.