

Office Memorandum

Date: August 10, 2020
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **Employer Reduction on Social Security Tax for Paid COVID-19 Leave Earnings Codes**

The State of Minnesota is not liable for the employer share of Social Security taxes on Paid COVID-19 Leave wages paid in accordance with federal law. Beginning with the checks for pay period 08/04/2020, agencies will see in the Paycheck pages two tax rows for the employer share of Social Security tax.

- SEMA4 will compute an OASDI/ER tax row which will be the employer contribution to Social Security on all wages subject to Social Security.
- SEMA4 will then compute a second tax row called FICA/ER X which will be the reduction to the employer contribution on Paid COVID-19 Leave wages.

Other impacts:

- Employees will see the net employer contribution to Social Security on the paystub.
- Agencies will only be charged the net amount of the employer contribution in Labor Distribution.
- Later in the year, a review will be done to determine if any refunds of the employer share of Social Security can be processed on the previous Paid COVID-19 Leave earnings codes.
- Employees are still liable for the employee contribution to Social Security tax on Paid COVID-19 Leave wages.

Questions?

Agency HR, Payroll and Accounting staff should contact Jennifer Goossen in Statewide Payroll Services at 651-201-8072 or jennifer.goossen@state.mn.us or Michael Persons at 651-259-3606 or michael.persons@state.mn.us with questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF