Are payments to individuals for Premium Pay considered wages?

Yes. Premium pay amounts paid to employees are considered wages. Employers generally must withhold federal income tax as well as social security tax and Medicare tax from employees' wages. (Employers also may have to pay federal unemployment tax on the wages.) Any payment from SLFRF/ARPA that is in the nature of compensation for services, even a one-time payment (such as a hiring "bonus"), is considered wages. More information can be found on the IRS CSLFRF

