Agenda

What is changing?
Who is required to make changes?
When do the changes take effect?
How do I complete the new form?
What is changing?

• Tax Cuts and Jobs Act tax reform enacted in December of 2017 meant changes were necessary.
• First W-4 revision was released in 2018.
• Redesign primary goals - to provide simplicity, accuracy and privacy for employees while minimizing burden for employers and payroll processors.
• Designed to improve the accuracy of employee withholding amounts.
• No longer uses allowances, tied to the amount of the personal exemptions claimed.
• The Form is now divided into 5 Steps.
Who is required to make changes? When?

• Employees hired in 2020 must complete the new Form W-4.

• Current employees do not have to complete a new Form W-4 for tax year 2020 however employees are strongly encouraged to consider completing the new form to improve accuracy of withholding.

• Everyone is encouraged to perform a Paycheck Checkup to make sure that they're still withholding the right amount for their situation.
How do I complete the new form?

Form W-4: Employee’s Withholding Certificate

Step 1: Enter Personal Information

(a) First name and middle initial  
(b) Social security number

Address

City or town, state, and ZIP code

(c) Single or Married filing separately  
   Married filing jointly (or Qualifying widow(er))  
   Head of household (Check only if you’re unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.
Form W-4: Employee’s Withholding Certificate

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Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3–4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)
Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

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Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)
Form W-4: Employee’s Withholding Certificate

Complete Steps 3 through 4(b) on Form W-4 for only one of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3 through 4(b) on the Form W-4 for the highest paying job.)

**Step 3:**

**Claim Dependents**

If your income will be $200,000 or less ($400,000 or less if married filing jointly):

- Multiply the number of qualifying children under age 17 by $2,000 ▶ $
- Multiply the number of other dependents by $500 ▶ $

Add the amounts above and enter the total here ▶ $3

**Step 4 (optional):**

**Other Adjustments**

(a) **Other income.** If you want tax withheld for other income you expect this year that won’t have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income. You should not include income from any jobs ▶ $4(a)

(b) **Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here ▶ $4(b)

(c) **Extra withholding.** Enter any additional tax you want withheld each pay period ▶ $4(c)
Form W-4: Employee’s Withholding Certificate

• For the most accuracy and privacy, employees with more than one job or using the filing status of Married Filing Jointly, and the spouse works, use the Tax Withholding estimator on the IRS.gov website.

• Complete the form by placing adjustments in Steps 3 and 4 on the Form W-4 for the highest paying job.
Form W-4: Employee’s Withholding Certificate

<table>
<thead>
<tr>
<th>Step 5: Sign Here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.</td>
</tr>
</tbody>
</table>

**Employee’s signature**: (This form is not valid unless you sign it.)

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
</table>

**Employers Only**

<table>
<thead>
<tr>
<th>Employer’s name and address</th>
<th>First date of employment</th>
<th>Employer identification number (EIN)</th>
</tr>
</thead>
</table>

For Privacy Act and Paperwork Reduction Act Notice, see page 3.
Summary

• Please read the form instructions
• You must complete Steps 1 and 5. Step 1 is for your personal information, Step 5 is where you sign the form.
• Steps 2, 3, and 4 are optional, but completing them will help ensure that your federal income tax withholding will be more accurate.
  • Step 2 is for households that have multiple jobs
  • Step 3 is used to claim tax credits for dependents
  • Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld)

The IRS takes privacy seriously and suggests that, if you are worried about reporting income from multiple jobs in Step 2 or other income in Step 4(a), you check the box in Step 2(c) or enter an additional withholding amount in Step 4(c). To determine the additional withholding amount, you can use the withholding estimator.
Form W-4: Employee’s Withholding Certificate

• If an employee’s tax situation hasn’t changed, they are not required to submit a new form.
• We will continue to use the information from employees' most recent Form W-4 to figure income tax withholding.
• If any employee has adjustments to their withholding, they must use the new form and not adjust a prior form.
• All new employees hired in 2020 and thereafter must complete the new form.
• If a new employee does not submit a Form W-4, we will treat the employee under the Single filing status and make no other adjustments.
Form W-4: Employee’s Withholding Certificate

Every taxpayer, every employee, is responsible for their own withholding. We do not know our employees’ tax situations. We rely on guidance from the employee, on a Form W-4, for withholding.
Frequently Asked Questions

Answers to Frequently Asked Questions can be found on Payroll’s website as well as on the IRS site:

https://www.irs.gov/newsroom/faqs-on-the-2020-form-w-4
Frequently Asked Questions

1. **My tax situation is simple. Do I have to complete all of the steps?**

No. The form is divided into 5 steps. The only two steps required for all employees are Step 1, where you enter personal information like your name and filing status, and Step 5, where you sign the form. Complete Steps 2 - 4 only if they apply to you. Doing so will make your withholding more accurately match your liability.
2. What happens if I only fill out Step 1 and then sign the form?

Your withholding will be computed based on your filing status's standard deduction and tax rates, with no other adjustments.
3. I want a refund when I file my tax return. How should I complete the redesigned Form W-4?

The redesigned Form W-4 makes it easier for you to have your withholding match your tax liability. But if you prefer to have more tax than necessary withheld from each paycheck, you will get that money back as a refund when you file your tax return (keep in mind though you do not earn interest on the amount you overpay). The simplest way to increase your withholding is to enter in Step 4(c) the additional amount you would like your employer to withhold from each paycheck. Note, even if you don't have any income tax withheld from your wages, you may get a refund if you are eligible for tax credits such as the Earned Income Credit, the Additional Child Tax Credit, or American Opportunity Credit.
4. **Why do I need to account for multiple jobs (Step 2)? I have never done that before.**

Tax rates increase as income rises, and only one standard deduction can be claimed on each tax return, regardless of the number of jobs. Therefore, if you have more than one job at a time or are married filing jointly and both you and your spouse work, more money should usually be withheld from the combined pay for all the jobs than would be withheld if each job was considered by itself. Adjustments to your withholding must be made to avoid owing additional tax, and potentially penalties, when you file your tax return. All of this has been true for many years; it did not change with the recent tax law changes. The old Form W-4 accounted for multiple jobs using detailed instructions and worksheets that many employees may have overlooked. Step 2 of the redesigned Form W-4 lists three different options you should choose from to make the necessary withholding adjustments. Note that, to be accurate, you should furnish a 2020 Form W-4 for all of these jobs.