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W-4 Changes for 2020: Final IRS Update

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Agenda

Form W-4

- W-4 Requirements
- Electronic W-4's
- Legislative Update-Tax Reform and the W-4
- Draft 2020 Review
- Final Form W-4
- Other W-4 guidance
 - Lock in letters
 - Substitute W-4
 - Non Resident Alien W-4 Processing
- Questions

W-4 Requirements

New Hired Employees

- All employees should complete a Form W-4 when they are first hired.
- The completed form will stay in affect until the employee fills out a new valid form. An employee should complete a new form if their marital status, or allowances change, or if too much or too little is being withheld from wages.
- If an employee does not complete and return a Form W-4 before the first pay period. The employee must be defaulted to Single and Zero for 2019 and Single with no adjustments in 2020.

W-4 Requirements

- Current Employee
 - Ask employees to update each year, but not required.
 - Tools for assistance
 - IRS.gov/w4app
- Employers can provide the form in Spanish
 - Rules in Pub 17
 - W-4 (SP)
- Successor Employers
 - Employer should secure a new form W-4
 - Unless the "Alternative Procedure" in section 5 of Revenue Procedure 2004-53 appliesIRS.gov/irb/ 2004-34_IRB/ar13.html
- Electronic Form W-4 is allowed
 - Regulations section 31.3402(f) (5)-1(c)

Poll: How would an employer default the new form W-4 slide 4?

- 1) Married and zero
- 2) Single and zero
- 3) Single with no adjustments
- 4) Married with no adjustments

Electronic W-4 Requirements

- Electronic requirements are maintained by Section 31.3402(f)(5)-1(c)
- Employer can set up electronic W-4 system as long as below requirements are meet.
 - The electronic system must ensure that the information received is the information sent.
 - System must document all occasions of employee accessing the system and making form W-4 updates.
 - The design and operation of the electronic system, including access procedures, must make it reasonably certain that the person accessing the system and filing the Form W-4 is the employee identified on the form.

Electronic W-4 Requirements

- The electronic filing must provide the employer with exactly the same information as the paper Form W-4.
- The electronic filing must be signed by the employee under penalties of perjury.
- Upon request by the Internal Revenue Service, the employer must supply a hardcopy of the electronic Form W—4 and a statement that, to the best of the employer's knowledge, the electronic Form W—4 was filed by the named employee. The hardcopy of the electronic Form W—4 must provide exactly the same information as the paper Form W—4.

Federal Tax Withholding-Form W-4-2019 Draft

Employees will not be required to complete a new Form W-4

- Changes
 - Elimination of number of allowances
 - New Marital Status- Head of household
 - New Line 5 Additions to Income (non-wage income)
 - New Line 6 Itemized and Other Deductions (estimated subtractions from income)
 - New Line 7 Tax Credits (ex Child tax credit, etc)
 - New Line 8 Additional Household Income Due to Multiple Jobs (income from second jobs)
 - Line 9 Additional Amount, If Any, You Want withheld each paycheck (not new)

Form W-4

Employee's Withholding Allowance Certificate

OMB No. 1545-0074

			➤ Give Form W-4	to your employer.		0040
		► Go to www	v.irs.gov/FormW4 for in	structions and the latest information	ı.	2019
	nent of the Treesury Revenue Service	► The amount of	, or exemption from, wi	thholding is subject to review by the	IRS.	
1	Your first nam	e and middle initial	Last name		2 Your socia	security number
	Home addres	s (number and street or rural	route)	3 Single or married filing separa Head of household	ately M	arried filing jointly
	City or town,	state, and ZIP code		4 If your last name differs from the check here. You must call 800-7		
Befo	re you begir	1:				
• S	ee the instru	ctions at www.irs.gov/l	FormW4 before com	pleting this form. If you have a	simple tax	situation, you may
		he brief instructions on				
• Y	ou also can u	use the calculator at wi	vw.irs.gov/W4App t	o complete your Form W-4.		
• If	you hold m	nore than one job at a	time (or are marri	ed filing jointly and both you	and your s	pouse have jobs)
con	nplete lines 5	5, 6, and 7 only for the	highest paying job i	n the household.		
						
5		mount, if any, of nonw	age income not sul	bject to withholding, such as in	nterest and	
	dividends					5 \$
6	Enter the a	mount, if any, of itemiz	ed and other deduct	tions		6 \$
•	Litter the a	mount, if any, or itemiz	ed and other deduc	10113		0 \$
7	Enter the a	mount, if any, of tax cre	edits, such as the ch	nild tax credit		7 \$
		,,,	,			
8	Complete t	this line <i>only</i> if you have	e multiple jobs at the	e same time or file as married f	filing jointly	
			ork; otherwise, leav	e it blank. Enter the total pay	of all lower	
	paying jobs	3				8 \$
_	A -1-11411 -			h annah ant		
9	Additional	amount, if any, you war	it withheld from eac	n paycheck		9 \$
10		emption from withholdi for exemption.	ng for 2019, and I	certify that I meet both of the	e following	
	•	_		x withheld because I had no tax I	•	
	•	•		held because I expect to have no		
	if you meet	both conditions, write	"Exempt" here		10	

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature

(This	form is not valid unless you sign it.) ▶	Date ►		
11	Employer's name and address (Employer : Complete boxes 11 and 13 if sending to IRS and complete boxes 11, 12, and 13 if sending to State Directory of New Hires.)	12 First date of employment	13 Employer identification number (EIN)	

Poll: Do all employees need to complete the new 2020 Form W-4?

- 1) Yes
- 2) No

Final 2019 Form W-4 Changes

 Changes to instructions on how to properly calculate out the correct withholding.

Wording changes

Form W-4 (2019)

Future developments. For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2019 if both of the following apply.

- For 2018 you had a right to a refund of all federal income tax withheld because you had no tax liability, and
- For 2019 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2019 expires February 17, 2020. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2019 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of norwage income not subject to withholding outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2019. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

Filers with multiple jobs or working spouses. If you have more than one job at a time, or if you're married filing jointly and your spouse is also working, read all of the instructions including the instructions for the Two-Earmers/Multiple Jobs Worksheet before beginning.

Nonwage income. If you have a large amount of nonwage income not subject to withholding, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet on page 3 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4P.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

Line C. Head of household please note: Generally, you may claim head of household filing status on your tax return only if you're ummarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you may be eligible to claim a child tax credit for each of your eligible children. To qualify, the child must be under age 17 as of December 31, must be your dependent who lives with you for more than half the year, and must have a valid social security number. To learn more about this credit, see Pub. 972, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse if you are filing a joint return.

Line F. Credit for other dependents. When you file your tax return, you may be eligible to claim a credit for other dependents for whom a child tax credit can't be claimed, such as a qualifying child who doesn't meet the age or social security number requirement for the child tax credit, or a qualifying relative. To learn more about this credit, see Pub. 972. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total

	W_₄ Employee's W	ithholding Allowand	e Certificate	OMB No. 1545-0074				
Form Superiment of the Treasury Internal Revenue Service Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.								
1	security number							
	Home address (number and street or rural route)	3 Single	Married Married, but withhole	d at higher Single rate.				
		Note: If married filin	ng separately, check "Married, but withhol	d at higher Single rate."				
	City or town, state, and ZIP code	4 If your last nar	me differs from that shown on your s	ocial security card,				
		check here. Y	ou must call 800-772-1213 for a rep	lacement card. 🕨				
5	Total number of allowances you're claiming (from	the applicable worksheet on th	e following pages)	5				
6	Additional amount, if any, you want withheld from	n each paycheck		6 \$				
7	I claim exemption from withholding for 2019, and	I I certify that I meet both of the	following conditions for exempt	ion.				
	. Last year I had a right to a refund of all federal	income tax withheld because I h	nad no tax liability, and					
	. This year I expect a refund of all federal income	tax withheld because I expect	to have no tax liability.					
	If you meet both conditions, write "Exempt" here		▶ 7					
nde	r penalties of perjury, I declare that I have examined th			correct, and complete.				
	loyee's signature							
	form is not valid unless you sign it.) ▶		Date►					
		and 10 if sending to IRS and complete	9 First date of 10 E	mployer Identification				
his 8 E	Employer's name and address (Employer: Complete boxes 8 a boxes 8, 9, and 10 if sending to State Directory of New Hires.)	and to it desirantly to the data outspect	employment ni	umber (EIN)				

Draft of 2020 Form W-4

- Released on May 31, 2019
- Comments accepted for 30 days
- IRS released instructions mid August
 - IRS.gov/Pub 15-T will be expanded with the mid august release
- Near Final Draft form expected in mid to late July was released on Aug 8, 2019
 - Changes included title change to remove allowances the new title is Employee Withholding Certificate.
 - IRS confirms no substantial changes will be made with final
 - Why IRS released near final draft
 - For payroll programs to begin preparing
 - Release of tax withholding estimator
 - CLICK HERE
- Final expected in November released on Dec 4, 2019
- Employers are not required to obtain a new form from employees.

Draft of 2020 Form W-4

New hires

• If a form is not submitted the employer is to put the employee at single with no other adjustments.

All employees who need to make a Form W-4 change after 1/1/2020 will be required to use the new form.

Non-resident alien adjustments will still occur per the Publication 15-T instructions.

Draft of 2020 Form W-4

- Withholding calculation changes are not necessary as the IRS says the same withholding tables will be used for the old and new form.
 - The IRS will be issuing guidance on how this will work.
- Proposed Changes
 - In new section 4 of the draft 2020 Form W-4, employees may optionally request other adjustments to their federal income tax withholding by entering dollar amounts for:
 - · Additional nonwage income such as interest, dividends and retirement income
 - Deductions other than the standard deduction from income for the household, such as itemized or other deductions
 - Any additional amount of federal income tax the employee wishes to have withheld each payroll period
 - Unlike in the draft 2019 Form W-4, step 4 does not include the option to enter income from multiple jobs. Instead, the 2020 draft Form W-4 adds step 2 to the Form W-4 where employees are instructed to use the IRS calculator or the Form W-4 worksheets to estimate any additional withholding required and to enter that amount as "any additional amount you want withheld in each pay period" in step 4.

2020 Draft W-4 Form

Draft # 1 5/30/2019

W-4	l	Employee's Withi	nolding Allowance	Certificate	L	OMB No. 1545-0074			
Form T		► Complete Form W-4 so that your emplo		ral income tax from your	pay.	2020			
Department of the Tr Internal Revenue Ser	easury vice		Form W-4 to your employer. ding is subject to review by the If	RS.		<u> </u>			
Step 1:	1a F	irst name and middle initial	Last name		1b So	clai security number			
Enter									
Personal	Home	address (number and street)			name	s your name match the on your social security			
Information	City o	r town, state, and ZIP code	credit f	If not, to ensure you get or your earnings, contact					
					SSA at	800-772-1213 or go to sa.gov.			
	1c	Single or Married filing separately	Married filing jointly						
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 through 4 if they apply to you; otherwise, skip to Step 5. See instructions on page 2.									
Step 2:	Cau	ition: The correct amount of withholding	ng depends on income earne	d from all jobs in the ho	useho	old. If you:			
Account		old more than one job at a time, or	/V1. ~						
for Multiple		e married filing jointly and both you an ount for this below or you may owe ad							
Jobs		ou and/or your spouse have income fro							
	()								
	2	Multiple jobs. Do only one of the fo							
		Use the calculator at www.irs.gov/l							
		 Use Worksheet 1 on page 3 and en If there are only two jobs in your ho 							
		With this option, more tax than nec							
		little tax withheld				> 🔳			
the Form W-4	for the	rough 4b on Form W-4 for only one job highest paying job.)			accura	ate if you do this on			
Step 3: Claim	3	Dependents. If your income will be jointly) (see instructions):	\$200,000 or less (\$400,000 o	or less if married filing					
Dependents		 Multiply the number of qualifying ch 							
		Multiply the number of other dependent of the amounts above and enter the amounts above and enter the second of the second		► <u>\$</u>	3	s			
Step 4:	49	Add the amounts above and enter the Other income. If you want tax with		nect this year that will	3	9			
Other	-10	not have withholding, enter the amou							
Adjustments		dividends, and retirement income. You	ou should not include income	from any jobs	4a	\$			
(optional)	b	Deductions. If you expect to claim			l				
(-)	_	want to reduce your withholding, use		enter the result here	4b 4c	\$			
		Enter any additional amount you war Exemption. You can claim exemption			40	\$			
	-	For 2019, you had no federal incon	_	-					
		For 2020, you expect to have no fe							
		If you meet both of these conditions,			4d				
Step 5:	Under	penalties of perjury, I declare that this certi	ficate, to the best of my knowled	ge and belief, is true, corr	ect, an	d complete.			
Sign									
Here	En	ployee's signature (This form is not v	valid unless you sign it.)	Da'	te				
Employers		nployer's name and address	,			oyer identification			
Only				employment	numb	per (EIN)			
For Privacy Act	and I	Paperwork Reduction Act Notice, see page	ne 2. Cat.	No. 10220Q		Form W-4 (2020)			
7									

Draft # 2 8/8/2019

Form W-4	► Complete Form W-4 so that your employ			OMB No. 1545-0074
Department of the Tr Internal Revenue Ser		form W-4 to your employer. ling is subject to review by the	IRS.	2020
Step 1:	(a) First name and middle initial	Last name		(b) Social security number
Enter Personal Information	Address City or town, state, and ZIP code (c) Single or Married filing separately Married filing jointly (or Qualifying widow(or)) Head of household (Chock only if you're urman	arried and pay more than half the costs		
Step 2: Multiple Jobs	ee page 2. Everyone must complete Step 5. Complete this step if you (1) hold m also works. The correct amount of w	ore than one job at a time, o		
or Spouse Works	Do only one of the following. (a) Use the estimator at www.irs.gov		W-1-1-1	
	(b) Use the Multiple Jobs Worksheet on (c) If there are only two jobs total, you is accurate for jobs with similar ps CAUTION: If you have privacy cond employment, including as an indeper ps 3 through 4(b) on Form W-4 for only on curate if you complete Steps 3 through 4(b).	page 3 and enter the result in 3 u may check this box. Do the ay, otherwise, more tax than n cerns, choose (a) or (b). If yo ndent contractor, choose (a). e of these jobs. Leave those	Step 4(c) below for roug same on Form W-4 for ecessary may be with au and/or your spous steps blank for the oth	r the other job. This option held ▶ □ e have income from self-
Step 3:	If your income will be \$200,000 or les	ss (\$400,000 or less if married	I filing jointly):	$\overline{}$
Claim Dependents	Multiply the number of qualifying c	hildren under age 17 by \$2,00	0 ► <u>\$</u>	
	Multiply the number of other depo	**	► <u>\$</u>	·
01	Add the amounts above and enter th			3 \$
Step 4 (optional): Other Adjustments	(a) Other income. If you want tax with have withholding, enter the amou dividends, and retirement income.	int of other income here. This	may include interest	
•	(b) Deductions. If you expect to cla and want to reduce your withhold enter the result here			
	(c) Extra withholding. Enter any add	ditional tax you want withheld	each pay period .	4(c) \$
Step 5: Sign Here	Under penalties of perjury, I declare that this cer Temployee's signature (This form is not			orrect, and complete.
Employers Only	Employer's name and address		First date of employment	Employer Identification number (EIN)
For Privacy Act	and Paperwork Reduction Act Notice, see pag	ge 3. Cut.	No. 10220Q	Form W-4 (2020)

Final 2020 Form W-4

Committee The Trunt of the Trun	ausury .		employer can withhold Give Form W-4 to you thholding is subject to	r employer.		your pay.	2020		
Step 1:	(a) First name and mi	ddle initial	Last name			(b) S	Social security number		
Enter	Address					-			
Personal							es your name match to on your social secur ? If not, to ensure you		
Information	City or town, state, and	City or town, state, and ZIP code							
		SSA www.	oredit for your earnings, contac SSA at 800-772-1213 or go to www.ssa.gov.						
Ī	(c) Single or Married filing separately								
		jointly (or Qualifying wide							
	Head of hous	ehold (Check only if you're	e unmarried and pay more	than half the costs	of keeping up a home	for yourself a	and a qualifying individu		
			herwise, skip to Sta nline estimator, and		2 for more inform	nation on	each step, who ca		
Step 2:	Complete ti	his step if you (1) ho	old more than one j	ob at a time. o	r (2) are married	filing joint	tly and your spou		
Multiple Jobs			of withholding depe						
or Spouse	Do only on	e of the following.							
Works	•		s.gov/W4App for mo	ost accurate wi	thholding for this	step (and	Steps 3-4); or		
			eet on page 3 and ent		_				
			al, you may check thi				_		
			lar pay; otherwise, m						
	TIP: To be		2020 Form W-4 for			oouse) ha	ve self-employme		
be most accura	ps 3-4(b) on Form ate if you complete	Steps 3-4(b) on the	of these jobs. Lea Form W-4 for the h	ve those steps lighest paying j	blank for the oth ob.)	er jobs. (\	our withholding w		
be most accur Step 3: Claim	ps 3–4(b) on Form ate if you complete	n W-4 for only ONE e Steps 3-4(b) on the me will be \$200,000	of these jobs. Lea Form W-4 for the h	ve those steps ighest paying j	blank for the oth ob.) filing jointly):	er jobs. (\	Your withholding w		
	ps 3–4(b) on Form ate if you complete If your incor Multiply	n W-4 for only ONE Steps 3–4(b) on the me will be \$200,000 the number of qualify	of these jobs. Lea e Form W-4 for the h or less (\$400,000 or	ve those steps ighest paying j less if married ge 17 by \$2,000	blank for the oth ob.) filing jointly):	er jobs. (\	our withholding w		
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Poll: Can an employee claim per pay period amounts for child tax credits slide 18

- 1) Yes
- 2) No

Draft 2020 Employer Calculations

- When employees only complete step 1 and 5, employers will withhold using the appropriate method for the filing status and wage amounts.
- Employees that complete steps 2-4, employers will need to take additional steps.
 - If an employee checks the box on line 2, the employer will calculate withholding from the higher rate tables. If an employee chooses one of the other two alternatives to account for multiple jobs, the additional withholding will be included with any other additional tax amounts for the pay period in step 4, Line 4c

Draft 2020 Employer Calculations

- Amounts entered on line 3 (dependents) to claim employee dependents as an annual reduction of tax. Line 3 may be used to take into account other tax credits.
- Any amounts in 4a (other income) will increase the amount of wages subject to withholding, 4b (deductions) will reduce the annual amount of wages subject to withholding. Amounts on line 4c will increase the withholding per pay period tax amount (old additional tax amount).
- Line 4d is where employees claim an exemption from withholding (exempt)

Draft 2020 Employer Calculations

- The IRS will have three withholding filing statuses, single, married filing jointly & head of household. For withholding calculation purposes the number of allowances for Married filing jointly is 3, single and head of household will be 2.
- Withholding method tables are divided into two rates:
 - Standard: those with active W-4 before 2020 and those that complete a 2020 or later form where box in step 2 is not checked.
 - Higher: those that check the box in step 2

Draft 2020 Employer Withholding Worksheet

The employer withholding worksheet has 4 steps:

Step 1: Adjust the employees wage amount (employees annual wage)

Step 2: Figure the tentative withholding amount. This amount is calculated based on the employees adjusted pay period wage amount of adjusted annual wage, filing status (Box 1c of the 2020 Form W-4 or Line 3 on previous forms) and whether the employee checks that box in step 3 of the 2020 draft W-4 Form.

Step 3: Account for tax credits claimed by the employee.

Step 4: Figure the final amount to withhold. Add in line 4a for any additional amounts.

Payroll Withholding Calculation-2020 Later

Workshoot 4 Employer's Withholding Workshoot for

This illu	strates	what the 2020	procedure cou	ld look like by usir	ng the 2019 tax p	arameters.					
	U				-			Ų.	,		
		Table 5	Monthly	Semimonthly	Biweekly	Weekly	Daily				
			12	24	26	52	260				
Step 1.	Adjust the employee's wage amount										
		Enter the empl	· 1a	\$							
	1b	Enter the numb	per of pay perio	ods you have per y	year (see Table 5	5)		· 1b			
	1c	Enter the amou	unt from Step 4	4(a) of the employe	ee's Form W-4			· 1c	\$		
	1d	Divide line 1c l	by the number	on line 1b				· 1d	\$		
	1e	Add lines 1a a	nd 1d					· 1e	\$		
	1f	Enter the amou	unt from Step 4	1(b) of the employe	ee's Form W-4			· 1f	\$		
	1g	Divide line 1f b	y the number of	on line 1b				· 1g	\$		
	1h	Subtract line 1	g from line 1e.	If zero or less, ent	ter -0 This is the	Adjusted Wage	Amount	- 1h	\$		
	Step	2 of Form W-4 Find the row in	is checked.	employee's Adjus RD Withholding Ra V-4, Step 2, Check	ate Schedules (if	the box in Step 2		N-4), a	nd whether the		
	Step	2 of Form W-4 Find the row in NOT checked) checked) of the the amount in	the STANDAR or the Form W e Percentage N column A but k	RD Withholding Ra	ate Schedules (if dox, Withholding his section in whi int in column B, t	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from		nd whether the		
	Step 2a	2 of Form W-4 Find the row in NOT checked) checked) of the the amount in column A of the	the STANDAF or the Form We Percentage I column A but le at row	RD Withholding Re V-4, Step 2, Check Method tables in the ess than the amou	ate Schedules (if dox, Withholding his section in whi int in column B, t	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a			
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	Step 2a 2b	2 of Form W-4 Find the row in NOT checked) checked) of the the amount in column A of the Enter the amount Enter the percentage.	the STANDAR or the Form We e Percentage I column A but ke at row unt from colume entage from co	RD Withholding Ra V-4, Step 2, Check Method tables in the ess than the amou in C of that row	ate Schedules (if tbox, Withholdin nis section in whi int in column B, t	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c	\$		
	Step 2a 2b 2c	2 of Form W-4 Find the row in NOT checked) checked) of the the amount in column A of th Enter the amou Enter the perce Subtract line 2	the STANDAR or the Form W e Percentage I column A but ke at row unt from colum entage from co a from line 1h	RD Withholding Ra V-4, Step 2, Check Method tables in the ess than the amou in C of that row	ate Schedules (if thox, Withholding his section in whi int in column B, t	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c · 2d	\$ \$		
	Step 2a 2b 2c 2d	2 of Form W-4 Find the row in NOT checked) of the the amount in occlumn A of th Enter the amou Enter the pero Subtract line 2 Multiply the am	the STANDAH or the Form W e Percentage I column A but le at row unt from colum entage from co a from line 1h nount on line 2	RD Withholding Ra V-4, Step 2, Check Method tables in the ess than the amou in C of that row	ate Schedules (if dbox, Withholding nis section in whi int in column B, ti v	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c · 2d · 2e	\$ \$		
tep 3.	Step 2a 2b 2c 2d 2e 2f	2 of Form W-4 Find the row in NOT checked) of the the amount in occlumn A of th Enter the amou Enter the pero Subtract line 2 Multiply the am	the STANDAR or the Form W e Percentage I column A but le at row unt from colum entage from co a from line 1h nount on line 2: d line 2e. This	RID Withholding Rid V-4, Step 2, Check Method tables in the ess than the amou in C of that row olumn D of that row d by the percentage	ate Schedules (if dbox, Withholding nis section in whi int in column B, ti v	the box in Step 2 g Rate Schedules ch the amount on hen enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c · 2d · 2e	\$ \$ \$ \$		
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itep 3.	2b 2c 2d 2e 2f Acce 3a	Pind the row in NOT checked) of the the amount in column A of the Enter the amount Enter the percentage and the the amount of th	the STANDAF or the Form W e Percentage I column A but k at row unt from colum entage from co a from line 1h nount on line 2: d line 2e. This edits unt from Step 3	PAD Withholding Riv. 4. Step 2, Chep	ate Schedules (if thox, Withholding is section in whi nt in column B, t y ge on line 2c Vithholding Am	the box in Step 2 If Bate Schedules of the amount one enter here the	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c · 2d · 2e · 2f	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
tep 3.	2b 2c 2d 2e 2f Accc 3a 3b	Pind the row in NOT checked) of the the amount in column A of the Enter the amount Enter the percentage and the the amount of the Enter the amount of the Enter the amount of the Enter the amount for tax or Enter the amount for tax or Enter the amount in the Enter the amount for tax or Enter the amount for tax	the STANDAI or the Form IV e Percentage I column A but le at row unt from colum entage from col a from line 1h nount on line 2c d line 2e. This edits unt from Step 3 ount on line 3a	RD Withholding Rt. 4. Step 2, Check Method tables in it ses than the amou in C of that row Jumn D of that row d by the percentag is the Tentative V 8 of the employee	ate Schedules (if thox, Withholdin, is section in whi in tin column B, t y ge on line 2c Vithholding Am s Form W-4 pay periods on line	the box in Step 2 gate Schedules chamber of the amount on hen enter here the outside the state of the state o	of Form W-4 is (if it HAS been line 1h is at least amount from	. 2a · 2b · 2c · 2d · 2e · 2f · 3a · 3b	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
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	2b 2c 2d 2e 2f Acce 3a 3b 3c	Pind the row in NOT checked) of the the amount in column A of the Enter the amount in column A of the Enter the amount in experience Subtract line 2. Multiply the am Add line 2b an ount for tax or Enter the amount for tax or Enter the final and the final amount for tax or Enter the E	is checked. the STANDAI or the Form W Percentage Percentage column A but la at row	RD Withholding Riv. 4. Step 2. Check whethod tables in the sest than the amount of that row olumn D of that row. d by the percentage is the Tentative V 3 of the employee' by the number of If zero or less, entered	ate Schedules (if thox, Withholdin, ins section in whi in tin column B, t y ge on line 2c Vithholding Am s Form W-4 pay periods on line er -0-	the box in Step 2 gate Schedules chat the amount on the menter here the country of the country o	of Form W-4 is (if it HAS been line 1 h is at least amount from	. 2a 2b 2c 2c 2d 2e 2f 3a 3b 3c	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
Step 3.	2b 2c 2d 2e 2f Acce 3a 3b 3c Figu	Pind the row in NOT checked) of the checked of the column A of the Enter the amount in column A of the Enter the amount the column A of the Enter the percent Subtract line 2 Multiply the am Add line 2b an bount for tax or Enter the amount for tax or Enter the amount for the amount for the Enter the addit Add lines 3c are the final an Enter the addit Add lines 3c are	the STANDAI or the Form W Percentage 1 or the Form W Percentage 1 poolumn A but I at row	BD Withholding Riv. 4. Step 2, Check Method tables in it sess than the amou in C of that row Jumn D of that row d by the percentag is the Tentative V B of the employee by the number of p If zero or less, ente	ate Schedules (if thox, Withholding is section in whi int in column B, the column B, t	the box in Step 2 **Flate Schedules** **Anthe Amount on the menter here the count of the count	of Form W-4 is (if it HAS been ine 1 h is at least amount from	. 2a · 2b · 2c · 2d · 2e · 2f · 3a · 3b · 3c	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$		

After 2020 Percentage Table-Example

2020 Percentage Method Tables for Manual Payroll Systems With Forms W-4 From 2020 or Later

Note. This illustrates what the 2020 tables would look like by using the 2019 tax parameters.

	WEEKLY Payroll Period								
	STANDAR	D Withholdin	g Rate Schedules	Form W-4, Step 2, Checkbox, Withholding Rate Schedules					
(Use the	ese if the bo	x in Step 2 of F	orm W-4 is NOT c	hecked.)	(Use these if the box in Step 2 of Form W-4 IS checked)				
Amount (line 1h) is: The amount that the Adjusted But less amount to Plus this Wage					If the Adjus Amount (lir At least—		The tentative amount to withhold is:	Plus this percentage—	of the amount that the Adjusted Wage exceeds—
A	В	C	D	E	A	В	С	D	E
	- 1	Married Filing					Married Filing		
\$0 \$469 \$842 \$1,988 \$3,708	\$469 \$842 \$1,988 \$3,708 \$6,651	\$0.00 \$0.00 \$37.30 \$174.82 \$553.22	0% 10% 12% 22% 24%	\$0 \$469 \$842 \$1,988 \$3,708	\$0 \$235 \$421 \$994 \$1,854	\$235 \$421 \$994 \$1,854 \$3,325	\$0.00 \$0.00 \$18.60 \$87.36 \$276.56	0% 10% 12% 22% 24%	\$0 \$235 \$421 \$994 \$1,854
\$6,651	\$8,319	\$1,259.54	32%	\$6,651	\$3,325	\$4,160	\$629.60	32%	\$3,325
\$8,319	\$12,245	\$1,793.30	35%	\$8,319	\$4,160	\$6,123	\$896.80	35%	\$4,160
\$12,245		\$3,167.40	37%	\$12,245	\$6,123		\$1,583.85	37%	\$6,123
		Single					Single		
\$0	\$235	\$0.00	0%	\$0	\$0	\$117	\$0.00	0%	\$0
\$235	\$421	\$0.00	10%	\$235	\$117	\$211	\$0.00	10%	\$117
\$421	\$994	\$18.60	12%	\$421	\$211	\$497	\$9.40	12%	\$211
\$994	\$1,854	\$87.36	22%	\$994	\$497	\$927	\$43.72	22%	\$497
\$1,854	\$3,325	\$276.56	24%	\$1,854	\$927	\$1,663	\$138.32	24%	\$927
\$3,325	\$4,160	\$629.60	32%	\$3,325	\$1,663	\$2,080	\$314.96	32%	\$1,663
\$4,160	\$10,048	\$896.80	35%	\$4,160	\$2,080	\$5,024	\$448.40	35%	\$2,080
\$10,048		\$2,957.60	37%	\$10,048	\$5,024		\$1,478.80	37%	\$5,024
		Head of Hou	sehold				Head of Hous	sehold	
\$0	\$353	\$0.00	0%	\$0	\$0	\$176	\$0.00	0%	\$0
\$353	\$619	\$0.00	10%	\$353	\$176	\$310	\$0.00	10%	\$176
\$619	\$1,369	\$26.60	12%	\$619	\$310	\$685	\$13.40	12%	
\$1,369	\$1,972	\$116.60	22%	\$1,369	\$685	\$986	\$58.40	22%	\$685
\$1,972	\$3,443	\$249.26	24%	\$1,972	\$986	\$1,722	\$124.62	24%	\$986
\$3,443	\$4,278	\$602.30	32%	\$3,443	\$1,722	\$2,139	\$301.26	32%	\$1,722
\$4,278	\$10,166	\$869.50	35%	\$4,278	\$2,139	\$5,083	\$434.70	35%	\$2,139
\$10,166	4.5,100	\$2,930.30	37%	\$10,166	\$5,083	\$3,000	\$1,465.10	37%	\$5,083
,		. ,		,,	,		. ,		,-,

Payroll Withholding Calculation-Before 2020

Worksheet 5. Employer's Withholding Worksheet for Percentage Method Tables for Manual Payroll Systems With Forms W-4 From Before 2020

Keep for Your Records

		Table 6	Monthly	Semimonthly	Biweekly	Weekly	Daily	╛	
			\$350	\$175	\$162	\$81	\$16		
Step 1.	Adi	ust the employ	ee's wage an	nount					
•					ayroll period			1a	\$
	1b						4		
	1c	Multiply line 1b	by the amoun	t in Table 6 for you	ır pay frequency			10	\$
	1d						Amount		
Step 2.	Fig	ure the Tentati	ve Withholdir	ng Amount					
	based on your pay frequency, the employee's Adjusted Wage Amount, and marital status (line 3 of Form								
	bas	ed on your pay f	requency, the	employee's Adjus	ted Wage Amour	nt, and marital sta	tus (line 3 of Form	W-4).	
		Find the row in the amount in o	the Percentag	e Method table in	this section in wh nt in column B, th	nich the amount onen enter here the	n line 1d is at least amount from	t	
	2a	Find the row in the amount in a column A of the	the Percentag column A but le at row	ge Method table in ess than the amou	this section in wh	nich the amount onen enter here the	on line 1d is at least amount from	2a	\$
	2a 2b	Find the row in the amount in a column A of the Enter the amou	the Percentag column A but le at row unt from colum	ge Method table in ess than the amou 	this section in wh	nich the amount onen enter here the	on line 1d is at least amount from	2a 2b	\$
	2a 2b 2c	Find the row in the amount in a column A of the Enter the amou	the Percentage column A but leat row unt from columentage from co	pe Method table in ess than the amou n C of that row lumn D of that row	this section in what in column B, the	nich the amount onen enter here the	n line 1d is at least amount from	2a 2b 2c	\$
	2a 2b 2c 2d	Find the row in the amount in a column A of the Enter the amou Enter the perce Subtract line 2:	the Percentage column A but le at row unt from columentage from co	pe Method table in ess than the amou n C of that row lumn D of that row	this section in what in column B, the	nich the amount onen enter here the	on line 1d is at least amount from	2a 2b 2c 2d	\$ \$ \$
	2a 2b 2c 2d 2e	Find the row in the amount in a column A of the Enter the amou Enter the perce Subtract line 2: Multiply the am	the Percentage column A but le at row unt from columentage from columentage from Ine 1d arount on line 2d	pe Method table in ess than the amou 	this section in what in column B, the	nich the amount o	on line 1d is at least	2a 2b 2c 2d 2e	\$ \$ \$
	2a 2b 2c 2d 2e 2f	Find the row in the amount in a column A of the Enter the amount Enter the percess Subtract line 2: Multiply the am Add line 2b and	the Percentage column A but leat row	pe Method table in ess than the amou n C of that row llumn D of that row	this section in what in column B, the	nich the amount o	on line 1d is at least	2a 2b 2c 2d 2d 2e 2f	\$ \$
	2a 2b 2c 2d 2e	Find the row in the amount in a column A of the Enter the amount Enter the percess Subtract line 2: Multiply the am Add line 2b and	the Percentage column A but leat row	pe Method table in ess than the amou n C of that row llumn D of that row	this section in what in column B, the	nich the amount o	on line 1d is at least	2a 2b 2c 2d 2d 2e 2f	\$ \$
Step 3.	2a 2b 2c 2d 2e 2f 2g	Find the row in the amount in a column A of the Enter the amount Enter the percess Subtract line 2: Multiply the am Add line 2b and	the Percentage column A but le at row unt from columentage from co a from line 1d nount on line 2d d line 2e d line 2f. This i	pe Method table in ess than the amou n C of that row llumn D of that row	this section in what in column B, the	nich the amount o	on line 1d is at least	2a 2b 2c 2d 2d 2e 2f	\$ \$

Before 2020 Percentage Table-Example

2020 Percentage Method Tables for Manual Payroll Systems With Forms W-4 From Before 2020

Note. This illustrates what the 2020 tables would look like by using the 2019 tax parameters.

WEEKLY Payroll Period

Married Person						Single Person	n (including hea	ad of househole	d)
If the Adjust	•	The tentative amount to	Plus this percentage	of the amount that the wage	If the Adjuste Amount (line		The tentative amount to	Plus this	of the amount that the wage
at least—	than—	withhold is:	+ "	exceeds—	at least—	than—	withhold is:		exceeds—
A	В	C	D	E	A	В	С	D	E
\$	\$227	\$0.00	0%	\$0	\$0	\$73	\$0.00	0%	\$0
\$22	7 \$600	\$0.00	10%	\$227	\$73	\$260	\$0.00	10%	\$73
\$60	\$1,745	\$37.30	12%	\$600	\$260	\$832	\$18.70	12%	\$260
\$1,74	5 \$3,465	\$174.70	22%	\$1,745	\$832	\$1,692	\$87.34	22%	\$832
\$3,46	\$6,409	\$553.10	24%	\$3,465	\$1,692	\$3,164	\$276.54	24%	\$1,692
\$6,40	\$8,077	\$1,259.66	32%	\$6,409	\$3,164	\$3,998	\$629.82	32%	\$3,164
\$8,07	7 \$12,003	\$1,793.42	35%	\$8,077	\$3,998	\$9,887	\$896.70	35%	\$3,998
\$12,000	3	\$3,167.52	37%	\$12,003	\$9,887		\$2,957.85	37%	\$9,887

Special W-4 Processing for Non-Resident Aliens

- Nonresident alien employee's Form W4. When completing Forms W-4, nonresident aliens are required to:
- Non Resident Aliens should review Notice 1392 before completing the Form W-4
 - Not claim exemption from income tax withholding,
 - Request withholding as if they're single, regardless of their actual marital status,
 - Claim only one allowance (if the nonresident alien is a resident of Canada, Mexico, or South Korea, or a student or business apprentice from India, he or she may claim more than one allowance), and
 - Write "Nonresident Alien" or "NRA" above the dotted line on line 6 of Form W-4.
 - If you maintain an electronic Form W-4 system, you should provide a field for nonresident aliens to enter non-resident alien status instead of writing "Nonresident Alien" or "NRA" above the dotted line on line 6.

Non-Resident Alien Processing

Step 1. Determine if the nonresident alien employee has submitted a 2020 Form W-4 or an earlier Form W-4. Then add to the wages paid to the nonresident alien employee for the payroll period the amount for the applicable type of Form W-4 and payroll period.

If the nonresident alien employee started before 2020 and **has not** submitted a Form W-4 for 2020 or later, add the amount shown in Table 1 to their wages for calculating federal income tax withholding.

Payroll Period	Add Additional
Weekly	\$153.80
Biweekly	307.70
Semimonthly	333.30
Monthly	666.70
Quarterly	2,000.00
Semiannually	4,000.00
Annually	8,000.00
Daily or Miscellaneous (each day of the payroll	
period)	30.80

If the nonresident alien employee has submitted a Form W-4 for **2020** or later or started in 2020 or later, add the amount shown in Table 2 to their wages for calculating federal income tax withholding.

Table 2

Payroll Period	Add Additional
Weekly	\$234.60
Biweekly	461.50
Semimonthly	500.00
Monthly	1,016.70
Quarterly	3,050.00
Semiannually	6,100.00
Annually	12,200.00
Daily or Miscellaneous (each day of the payroll	_
period)	46.90

Non-Resident Alien Processing

Step 2 Enter the amount figured in step 1 above earnings to get to the total taxable wages. (line 1a of the withholding worksheet that you use to figure federal income tax withholding.

The additional amount added is only for the federal tax withholding calculation only. These additional amounts are not reported on the Form W-2. They are also not used when calculating the FICA taxes (Social Security and Medicare for the employee)

W-4 Submission to IRS Changes & Lock in letters

- Old regulations required employers to send W-4 that claim more then 10 and exempt to the IRS with there 941's. As of April 14, 2005 this requirement has been eliminated.
- Private "lock in" letter rulings that are sent to the employer's are still required to be implemented.
- Lock in letter requirements for employers
 - Provide the employee copy of the lock in letter within 10 business days of a receipt if the employee is employed as of the date of notice.
 - Begin lock in letter as of effective date in the notice
 - Must withhold on rehires that come back within
 12 months after termination

Lock in letters

- The IRS can modify the lock in letter, but they will notify the employer of the modification.
- Employers should disregard any modification that the employee makes to the Form W-4 given by the employee except in the situation that an employee claims less allowances then the IRS lock in letter indicates.

Communication Plan

- Most significant change to the Form W-4 since the early 40's.
- Americans are not prepared the completing the Form W-4 in a completely different method.
- To avoid employers and payroll departments getting a lot of question by employees that employers are not to answer communication will be key.
 - With the required Dec 1 W-4 communication
 - Provide the new Form W-4 with the employee's W-2
 - Provide employee's with the IRS tools such as

Click Here

Substitute W-4 Forms

- The IRS encourages employers to use the IRS approved Form W-4
- But...the IRS does allow for a substitute Form W-4 if certain requirements are meet.
 - Must contain language that is identical to the official Form W-4
 - The employer form must meet all requirements of the IRS rules for substitution.
 - At the time the substitute form is provided to the employee all tables, instructions and worksheets from the current W-4 must be provided.
 - Only employee substitute forms created before October 11, 2007 can be used, all others should be denied.



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