



e-Alert – IRS Releases Interim Guidance on Form W-4

Background

With the passage of the Tax Cuts and Jobs Act, signed into law in December 2017, the IRS announced a new advisory on tax withholdings for 2018. The IRS is working on amending the new Form W-4 to account for the tax code changes and will be releasing new withholding calculators. There is no clear date on when the 2018 Form W-4 will be released, but as we outlined in our e-alert on February 14, we will be updating these forms for our Payroll clients once they are released.

What is changing?

The IRS provided some guidance for employers awaiting the revised Form W-4:

- On January 11, 2018, the IRS issued [Notice 1036](#), which updates the income tax withholding tables to implement provisions included in the new **Tax Cuts and Jobs Act** (the Act).
- The Act includes several significant changes, effective as of January 1, 2018, that are relevant to employers for payroll, employment tax, and employee benefits purposes.
- According to **Notice 1036**, employers should begin using the 2018 withholding tables as soon as possible, but not later than February 15, 2018.

Next steps for employers

1. Our current Payroll clients do not have to take any action as ADP made system changes on January 18 to apply the newly released 2018 tax tables to all payrolls processing with pay dates on or after January 20, 2018.
2. The new withholding tables are designed to work with current **Forms W-4** that employees have already filed with their employers to claim withholding allowances. Employees do not have to do anything at this time.
3. Employers not working with HR Knowledge and ADP should work with their payroll providers to ensure they are prepared for their tax code changes. The IRS's Guidance on Withholding Rules can be read in its entirety [here](#).
4. Continue to use the 2017 Form W-4, with the 2018 withholding tables, until the 2018 Form W-4 is released.

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