

e-Alert: IRS Issues 2020 Form W-4

Form W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Certificate		OMB No. 1545-0074
	▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.		
Step 1: Enter Personal Information	(a) First name and middle initial		(b) Social security number
	Last name		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	Address		
	City or town, state, and ZIP code		
(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly (or Qualifying widow(er)) <input type="checkbox"/> 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.			
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. <input type="checkbox"/>		

Background

On December 5, 2019, the Internal Revenue Service (IRS) released the final 2020 W-4, [Employee's Withholding Certificate](#). The new form no longer uses withholding allowances and it provides for simplified and more accurate income-tax withholding for employees starting next year. The IRS had released some earlier drafts in May and August of this year to enable employers to make payroll software changes.

Summary

The IRS updated the W-4 form to reflect tax rates, deductions, tax credits, and personal exemptions that changed in the Tax Cuts and Jobs Act (TCJA), which took effect last year. The revised form excludes withholding allowances and replaces the complicated worksheets with more straightforward questions. The primary goal for the change was to provide simplicity, accuracy, and privacy for employees and to minimize the burdens for employers and payroll processors.

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Major Changes to the 2020 Final Form W-4 include:

- The number of withholding allowances is eliminated
- A new Marital and Head of Household status with new tax tables for these statuses have been added
- Lines to claim exemption from tax withholding were removed
- New questions were added regarding multiple jobs or a two-earner household

The 2020 Form W-4 has a five-step process which includes declaring additional income, so employees can adjust their withholding with more accuracy. These steps are:

- Step 1. Enter personal information
- Step 2. Indicate multiple jobs or any income from a spouse
- Step 3. Claim dependents
- Step 4. Make other adjustments for
 - a. Investment and retirement income
 - b. Deductions other than the standard deduction
 - c. Any extra tax withholding per pay period
- Step 5. Sign the form

The IRS explained that the only two steps that an employee *must* complete are Steps 1 and 5. However, if the employee chooses to include Steps 2, 3, and 4, their withholding will more accurately match their tax liability.

Existing Employees:

Existing employees will not be required to complete a new Form W-4 for 2020. Employers will continue to observe the withholding allowances and filing status elected by employees who completed a pre-2020 Form W-4.

New Employees and Changes:

As of January 1, 2020, all new employees hired and any current employees who make any adjustments to their withholdings on or after this date must complete the new form.

Employer Next Steps

- Communicate these changes to anyone involved in the hiring process, so they are all aware of the new form.
- Correspond with your payroll provider regarding the new W-4 form; if you are a Full-Service or Managed Payroll client of HR Knowledge, we will handle this for you, and ADP Workforce Now will be ready to support the 2020 Form W-4 on December 14, 2019.
- Should you need assistance, please reach out to your Client Account Manager or [email us](#).

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