New W-4 Coming in 2020

Includes:

- Important Changes to the Form W-4
- Resource Links
  - Withholding Estimator
  - IRS Training
  - General FAQs
- Sample Email/Memo Announcement for your Employees and New Hires

* As soon as the new Form W-4 is finalized, Payroll Network will update iSolved.
* This Information can be found on Quick Links on Client Landing Page.
Highlights for the upcoming Form W-4 changes include:

- Starting 1/1/2020, new hires must use the new Form W-4
- Allowances are no longer used for the redesigned Form W-4
- New filing status - Head of Household
- Existing employees do NOT have to complete the 2020 version
- Default for new hires who do not complete a Form W-4 after 2019 will be Single, No adjustments
- Future changes would require employees to use the 2020 version to adjust withholdings

Key Points to consider for new hire onboarding:

- New employees may need more time to complete the Form W-4
- May involve accountant, family members, review prior returns, etc.
- Prior form allowances implied counting family members; the 2020 Form W-4 will dig into actual deductions the employee had last year, tax credits, other income, etc.
- The form can be something they take home to complete.
- Do they complete the form in the office once they start?
- One strategy may be to highlight some of the details they will need to have available to help prepare them for the Form W-4
- Only steps 1 and 5 are required
- Name, address, file status and signature
- If steps 2-4 are blank, withholding is based on the filing status and rates

<table>
<thead>
<tr>
<th>2019 W-4 Inputs</th>
<th>2020 W-4 Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of withholding allowances</td>
<td>Checkbox for two-earner families/optimal higher withholding</td>
</tr>
<tr>
<td>Per-payroll additional amount to withhold</td>
<td>Full-year child and dependent tax credits</td>
</tr>
<tr>
<td></td>
<td>Full-year other (non-wage) income</td>
</tr>
<tr>
<td></td>
<td>Full-year deductions (over the standard deduction amount)</td>
</tr>
<tr>
<td></td>
<td>Per-payroll additional amount to withhold</td>
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</tbody>
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Tool for Employees – Withholding Estimator

The IRS has a Withholding Estimator employees can use: [www.irs.gov/withholding](http://www.irs.gov/withholding). To prepare, employees should gather these documents: recent pay statements (spouse if applicable), other sources of income, and the employee’s most recent tax return.

IRS Training:

[https://www.irsvideos.gov/Individual/education/UnderstandingThe2020FormW4AndHowToUseItToCalculateWithholding](https://www.irsvideos.gov/Individual/education/UnderstandingThe2020FormW4AndHowToUseItToCalculateWithholding)

General FAQs:

To: (All Employees)
From: (Department Name)
Subject: Explanation of the NEW 2020 Form W-4
Date: (Current Date)
CC: Human Resources / Department Name

Beginning this January 2020, the IRS is making significant changes to the Form W-4 Employee’s Withholding. The reason for this is due to the federal tax law changes that took place in 2018. **Not all employees are required to complete the revised form** according to the Internal Revenue Service (IRS). New hires in 2020 and current employees who have changes for 2020 will be required to complete the new form. The 2020 withholding tax tables have been designed to work with both the new and prior year forms.

Even though the IRS does not require all employees to complete the revised form, we recommend that you review your current withholdings to see if there’s a need to make any adjustments. In order to do so, you can use the IRS’s Tax Withholding Estimator (www.irs.gov/W4App). It is helpful to have a copy of your most recent pay stub and tax return in order to use the estimator effectively. Please note: if you do not submit a new form, your current withholdings will continue based on your previously submitted form.

Updates/changes will be available through iSolved in 2020 by clicking Employee Self Services>Tax Update Wizard. Before completing the 2020 Form W-4, please read the instructions that are included with the form. You must complete Steps 1 and 5. Steps 2, 3, and 4 are optional, completing them will help ensure that your federal income tax withholding will more accurately match your tax liability.

- **Step 1** Personal information;
- **Step 2** Households with multiple jobs;
- **Step 3** Claiming tax credits for dependents;
- **Step 4** Other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld);
- **Step 5** Signature.

The IRS takes your 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.

Frequently Asked Questions that you may find helpful as you complete the form can be found in the following link: [https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4](https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4).

Should you have any questions, feel free to contact (Name or Dept Name).