



2020 Draft Form W-4

John D. Lestock, CPP, CEBS

Current 2019 Form W-4

----- Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records. -----

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

OMB No. 1545-0074

2019

▶ 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 Your first name and middle initial		Last name		2 Your social security number	
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate.			
City or town, state, and ZIP code		Note: If married filing separately, check "Married, but withhold at higher Single rate."			
		4 If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card. ▶ <input type="checkbox"/>			
5 Total number of allowances you're claiming (from the applicable worksheet on the following pages)				5	
6 Additional amount, if any, you want withheld from each paycheck				6 \$	
7 I claim exemption from withholding for 2019, and I certify that I meet both of the following conditions for exemption.					
<ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had 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	

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 ▶

8 Employer's name and address (Employer: Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New Hires.)		9 First date of employment	10 Employer identification number (EIN)

New 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.		2020
Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ 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 .
	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 through 4 ONLY if they apply to you. To see if you are exempt from withholding or if you have concerns about your privacy, see page 2. Everyone must complete Step 5. See instructions on page 2.

Step 2: 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.

Multiple Jobs or Spouse Works Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding; 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 ▶

CAUTION: If you have privacy concerns, choose (a) or (b). If you and/or your spouse have income from self-employment, including as an independent contractor, choose (a).

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:	If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):	
Claim Dependents	Multiply the number of qualifying children under age 17 by \$2,000 ▶	\$ <input type="text"/>
	Multiply the number of other dependents by \$500 ▶	\$ <input type="text"/>
	Add the amounts above and enter the total here	3 \$ <input type="text"/>

New 2020 Form W-4

**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 . . .
- (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
- (c) **Extra withholding.** Enter any additional tax you want withheld each pay period .

4(a)	\$	
4(b)	\$	
4(c)	\$	

**Step 5:
Sign
Here**

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

▶ **Employee's signature** (This form is not valid unless you sign it.)
 ▶ **Date**

**Employers
Only**

Employer's name and address	First date of employment	Employer identification number (EIN)



New 2020 Form W-4 (cont.)

- ▶ Second draft released in August – released early to accommodate payroll system programming; final version expected to be out late November

- ▶ New form includes 5 steps for employees to complete
 1. Personal information (required)
 2. Account for multiple jobs
 3. Claim dependents
 4. Make adjustments for other income and itemized deductions (optional)
 5. Sign and date (required)



New 2020 Form W-4 (cont.)

- ▶ No more withholding allowances
- ▶ Multiple jobs – for employees with multiple jobs in household, can use either
 - ▶ IRS's Tax Withholding Estimator
 - ▶ Multiple Jobs Worksheet
 - ▶ Check a box for withholding at a higher rate if there are only two jobs in the household



New 2020 Form W-4 (cont.)

- ▶ New filing status
 - ▶ Single or Married Filing Separately
 - ▶ Married Filing Jointly
 - ▶ Head of Household
- ▶ Claiming Exempt – write “Exempt” in the space below Step 4(c) and completing Steps 1 and 5
- ▶ If employee claims exempt in 2020 and want to continue to claim exempt in 2021, must submit new Form W-4 by February 16, 2021



New 2020 Form W-4 (cont.)

- ▶ If employee is concerned about privacy but want additional withholding – check box in Step 2(c) or enter additional withholding amount in Step 4(c)
- ▶ Nonresident aliens – refer to Notice 1392, *Supplemental Form W-4 Instructions for Nonresident Aliens*
- ▶ Self-employed – directed to use IRS's Tax Withholding Estimator (www.irs.gov/W4App) to have all taxes withheld from wages



New 2020 Form W-4 (cont.)

- ▶ Use Tax Withholding Estimator when
 - ▶ Expect to work only part of the year
 - ▶ Have dividend or capital gain income or have additional taxes (net investment income tax, etc.)
 - ▶ Have self-employment income
 - ▶ Prefer most accurate withholding for multiple job situations
 - ▶ Prefer to limit information provided in Steps 2 through 4 but still want accurate withholding




New 2020 Form W-4 (cont.)

- ▶ Note that any new hires starting in 2020 must complete 2020 Form W-4; however, current employees are not required to file new Form W-4 – older forms are still valid
- ▶ Withholding scenarios – created by APA using second draft of forms and Publication 15-T to help clarify withholding calculations

Pub 15-T: Percentage Method Tables for Automated Payroll Systems

Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Keep for Your Records 

Note. This illustrates what the 2020 procedure could look like by using the 2019 tax parameters. There would be just one procedure for both the Form W-4 from before 2020 and new Form W-4. The formatting will change, and some of the details may need to be modified slightly to conform to the final Form W-4.

Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
2	4	12	24	26	52	260

Step 1. Adjust the employee's wage amount

- 1a Enter the employee's total taxable wages this payroll period 1a \$ _____
- 1b Enter the number of pay periods you have per year (see Table 3) 1b _____
- 1c Multiply the amount on line 1a by the number on line 1b 1c \$ _____

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1d Enter the amount from Step 4(a) of the employee's Form W-4 1d \$ _____
- 1e Add lines 1c and 1d 1e \$ _____
- 1f Enter the amount from Step 4(b) of the employee's Form W-4 1f \$ _____
- 1g If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter \$12,600 if the taxpayer is married filing jointly or \$8,400 otherwise 1g \$ _____
- 1h Add lines 1f and 1g 1h \$ _____
- 1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1i \$ _____

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1j Enter the number of allowances claimed on the employee's most recent Form W-4 1j _____
- 1k Multiply line 1j by \$4,200 1k \$ _____
- 1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1l \$ _____

Step 2. Figure the Tentative Withholding Amount

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 Form W-4) or marital status (line 3 of Form W-4 from before 2020); and whether the box in Step 2 of 2020 Form W-4 is checked.

Note. Don't use the Head of Household table if the Form W-4 is from before 2020.

- 2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above 2a \$ _____
- 2b Find the row in the appropriate **Annual** Percentage Method table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row 2b \$ _____
- 2c Enter the amount from column C of that row 2c \$ _____
- 2d Enter the percentage from column D of that row 2d _____ %
- 2e Subtract line 2b from line 2a 2e \$ _____
- 2f Multiply the amount on line 2e by the percentage on line 2d 2f \$ _____
- 2g Add line 2c and line 2f 2g \$ _____
- 2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** 2h \$ _____

Pub 15-T: Percentage Method Tables for Automated Payroll Systems

Step 3. Account for tax credits

- 3a If the employee's Form W-4 is from 2020, enter the amount from Step 3 of that form; otherwise enter -0- 3a \$ _____
- 3b Divide the amount on line 3a by the number of pay periods on line 1b 3b \$ _____
- 3c Subtract line 3b from line 2h. If zero or less, enter -0- 3c \$ _____

Step 4. Figure the final amount to withhold

- 4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 form or line 6 on earlier forms) 4a \$ _____
- 4b Add lines 3c and 4a. **This is the amount to withhold from the employee's wages this pay period** 4b \$ _____



Example 1

- ▶ No new Form W-4 is submitted
 - ▶ Bryan Ferry is married and paid a weekly salary of \$1,750.00
 - ▶ On pre-2020 Form W-4, Bryan claimed married with 5 allowances

Worksheet 1: Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Complete Lines 1a – 1c and skip Lines 1d – 1i

American Payroll Association: Preparing for Year-End and 2020, pages 5-26, 5-27



Example 2

- ▶ New Form W-4 is submitted
 - ▶ Bryan Ferry is married filing jointly and paid a weekly salary of \$1,750.00
 - ▶ On Form W-4, Bryan claims married, but does not mark the checkbox in Step 2, and Steps 3 and 4 are not completed

Worksheet 1: Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Skip Lines 1j – 1l. Because box in Step 2 is not checked, use Standard Withholding Rate Schedules

American Payroll Association: Preparing for Year-End and 2020, pages 5-27, 5-28



Example 3

- ▶ New Form W-4 is submitted and optional steps are completed
 - ▶ Bryan Ferry is married filing jointly and paid a weekly salary of \$1,750.00
 - ▶ On Form W-4, Bryan claims married, marks the checkbox in Step 2, and completes Steps 3 and 4
 - ▶ Step 3 - \$6,500 (dependents)
 - ▶ Step 4(a) - \$26,000 (other income)
 - ▶ Step 4(b) - \$2,600.00 (deductions)
 - ▶ Step 4(c) - \$100.00 (extra withholding)

Worksheet 1: Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems and use Step 2, Checkbox Withholding Rate Schedules

American Payroll Association: Preparing for Year-End and 2020, pages 5-28, 5-29, 5-30

Questions?

John Lestock, CPP, CEBS

Global Payroll Accountant

The Boeing Company

Work email: john.d.lestock@boeing.com

Home email: john@thelestocks.com

Cell number (425)306-9777

