

2020 W-4 Form Explanation

The 2020 Form W-4, *Employee's Withholding Certificate*, is very different from previous versions. This is due to the federal tax law changes that took place in 2018. The Internal Revenue Service (IRS) is not requiring all employees to complete the revised form and has designed the withholding tables so that they will work with both the new and prior year forms. However, certain employees will be required to use the new form: *those hired in 2020 and anyone who makes withholding changes during 2020.*

Even though the IRS does not require all employees to complete the revised form and even if your tax situation has not changed, we recommend you perform a “paycheck checkup” to see if you need to make adjustments to your current withholding. To conduct the checkup, you can use the IRS’s Tax Withholding Estimator (www.irs.gov/W4App). To effectively use the estimator, it is helpful to have a copy of your most recent pay stub and 1040 tax return. It is likely that the estimator will be updated to account for the 2020 tax tables in early January. Please note: if you do not submit a new form, withholding will continue based on your previously submitted form. By January 1st, 2021, everyone will need to have completed this new form.

Before completing the 2020 Form W-4, please read the instructions that are included with the form. You are required to complete Steps 1 AND 5 only. *Steps 2, 3, and 4 are optional*, but completing them will help ensure that your federal income tax withholding will more accurately match your tax liability. Step 1 is for your personal information; Step 2 is for households with multiple jobs; Step 3 is used to claim tax credits for dependents; Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld); and Step 5 is where you sign the form.

If you are claiming exempt from withholding for 2020 to have no income tax withheld from your paycheck, write the word “EXEMPT” on the form in the space below Box 4(c).

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.

The IRS has also published Frequently Asked Questions that you may find helpful as you complete the form (<https://www.irs.gov/newsroom/faqs-on-the-2020-form-w-4>).