



2020 W-4 Federal Tax Form Revision

The Form W-4 (2020), *Employee's Withholding Certificate*, is very different from the previous version. The change is due to the Tax Cut and Jobs Act signed into law on December 22, 2017. Allowances are no longer used to calculate federal income tax withholding.

Who needs to complete the Form W-4 (2020)?

- Employees hired on 01/01/2020 or later must complete the redesigned Form W-4. New employees hired on 01/01/2020 or later who fail to submit a Form W-4 will be treated as a single filer with no other adjustments.
- Employees hired prior to 2020 who want to adjust withholding from their pay dated January 1, 2020 or later must use the redesigned form.

IMPORTANT: Employees who have submitted Form W-4 in any year before 2020 are not required to submit a new form merely because of the redesign. Employers will continue to compute withholding based on the information from the employee's most recently submitted Form W-4 – either the employee's current Form W-4 elections, or the redesigned Form W-4 for 2020. Additional information for the employer and employee FAQs can be found in this link:

<https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4>

Which steps is the employee required to complete?

The only two steps required are Step 1 where the employee's personal information is entered and a dated signature on Step 5. The withholding will be computed based on the employee's filing tax status (standard deduction) and tax rates with no other adjustments.

Steps 2, 3 and 4 are optional. Employees should complete Steps 2, 3 and/or 4 if relevant to their personal situations. These steps show adjustments that will affect the withholding calculation.

To provide maximum accuracy, employees are encouraged to use the Tax Withholding Estimator available at www.irs.gov/W4app if one or more of the following scenarios apply:

- expect to work only part of the year,
- have dividend or capital gain income or are subject to additional taxes, such as the net investment income tax,
- have self-employment income,
- prefer the most accurate withholding for multiple job situations, or
- prefer to limit information provided in Steps 2–4 but do not want to sacrifice accuracy

For questions on how to complete the new W-4, please refer to the Tax Withholding Estimator:

www.irs.gov/W4app