

FAQ's

Q: Who is required to complete a 2020W-4?

- Required for all new employees completing a Federal W-4 form on or after Jan. 1, 2020.
- Employees needing to update their exempt status for 2020
- Existing employees are **not** required to complete a new form

Q: How do I update my W-4?

- **You can update your W4 via the employee P.A.S.S.**

Q: What is "New" with the 2020 W-4?

- The form is now called *Employee's Withholding Certificate*
- Withholding allowances are no longer used
- New form provides options for more accurate tax withholding
- New form is divided into 5 steps:
- Step 1 (personal information and filing status) and Step 5 (signature) **are required**
- Steps 2 - 4 may be used to establish a more accurate tax withholding

Q: What are steps 2-4?

Steps 2, 4a, and 4c if completed, will increase Federal tax withholding; completing Step 3 or 4b will decrease Federal tax withholding

Q: Why would I consider increasing Federal tax withholding?

- If you hold more than one job at a time or both you and your spouse have jobs (Step 2)
- If you have income from sources other than a job that is not subject to withholding (Step 4a)

Q: Why would I consider decreasing Federal tax withholding?

- If you are eligible for income tax credits such as the child or other dependent tax credit (Step 3)
- If you are eligible for deductions other than the standard deduction (Step 4b)

Q: What do the options in Step 2 determine?

Per the IRS, Step 2 allows the employee to choose one of three different options for more accurate withholding, which include tradeoffs between accuracy, privacy and ease of use:

- **Option 1 (Step 2a):** Most accurate/private option – Use the Tax Withholding Estimator at www.irs.gov/W4app and enter additional amount on line 4c.
 - Allows employee to identify the extra withholding amount to enter on line 4c without revealing additional jobs/income information to their employer
- **Option 2 (Step 2b):** Uses Worksheet 1 on page 3 of the W-4 form to provide roughly accurate withholding without use of the online Tax Withholding Estimator – calculates additional amount to be entered on line 4c.
 - Note: If either option 1 or 2 are used and the pay changes for any of the jobs used in the calculation a new W-4 will need to be completed to have accurate withholding
- **Option 3 (Step 2c):** Easiest option – check box if only 2 jobs are held in household.
 - Least accurate and may result in over-withholding but generally will not result in under-withholding
 - Reveals to the employer that multiple jobs exist in the household

Q: Why should I consider using the Tax Withholding Estimator?

Individuals may consider using the estimator in the following scenarios:

- Expect to work only part of the year
- Have dividend, capital gain, or self-employment income or are subject to additional taxes
- Prefer most accurate withholding for a multiple job situation
- Prefer to limit information provided in steps 2 - 4 on the Form W-4 but do not want to sacrifice accuracy

Q: Where can I find the Tax Withholding Estimator?

www.irs.gov/W4app