


IRS Legislative Updates and Resources



Doug Blade

10/11/2019

Draft 2020 Form W-4

www.irs.gov/draftforms

Form W-4 Employee's Withholding Certificate (OMB No. 1545-0047)

► 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
Address
City or town, state, and ZIP code

(b) Social security number

► Does your name match the name on your social security card? If not, be sure you get credit for your earnings, contact SSA at 800-787-0839 or go to www.ssa.gov

(c) ☐ Single or Married filing separately
☐ Married filing jointly (or Qualifying widow(er))
☐ 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're 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: Multiple Jobs or Spouse Works

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.

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.)

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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 ▶ \$	
	Multiply the number of other dependents by \$500 ▶ \$	
	Add the amounts above and enter the total here	3 \$
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 . . .	4(a) \$
	(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	4(b) \$
	(c) Extra withholding. Enter any additional tax you want withheld each pay period . .	4(c) \$
Step 5:		
Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
Sign Here	Employee's signature (This form is not valid unless you sign it.) ▶	Date

Software systems for new W-4s

- Two software systems for old and new W-4 is not necessary
- Same set of withholding tables used for both forms
- Apply these tables separately to systems for new and old forms
- Additional guidance will be provided on the payroll calculations needed based on data fields on the new and old forms



Use of new W-4

- New employees who fail to submit a Form W-4 after 2019 treated as single filer with no other adjustments
- Beginning in 2020, all new employees must use the redesigned form



No requirement to request new W-4s

- Employees hired before 2020 are not required to submit a new Form W-4
- Withholding will continue based on a valid form previously submitted
- Do not treat employees as failing to furnish Forms W-4 if they don't provide a new Form W-4



Adjustment for nonresident aliens

- Pub 15-T will provide instructions on the additional amounts to add to wages to determine withholding for nonresident aliens
- Nonresident alien employees should continue to follow special instruction in Notice 1392 when completing their Forms W-4



2020 Publication 15-T

- Draft of Publication 15-T, Federal Income Tax Withholding Methods, for use in 2020 issued June 7
- Comments must be submitted by July 8, 2019 to be timely
- IRS will post a new draft this summer to show final computation of withholding
- Can't provide updated withholding tables for 2020 until the final Pub 15-T is released in December



- Some law changes in the Tax Cuts and Jobs Act may affect your withholding
- Protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time next year
- Avoid too much withholding; you can receive more in your paychecks

It's a bright idea to do a Paycheck Checkup again this year to see that you are having the right amount of tax withheld for 2019.

 www.irs.gov/withholding

Tax Withholding Estimator

Use your best estimates for the year ahead to determine how to complete Form W-4 so you don't have too much or too little federal income tax withheld.

1 About You
2 Income & Withholding
3 Adjustments
4 Deductions
5 Tax Credits
6 Results

About You

Select the information that best describes how you anticipate filing your 2019 tax return.

1 of 5: Filing Status

What filing status will you use for your tax return? (*Required)

☒ Single
☐ Married filing jointly
☐ Married filing separately
☐ Head of Household [?](#)
☐ Qualifying widow(er) [?](#)

Can someone else claim you as a dependent on their tax return? [?](#)

☐ Yes ☐ No

Results

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✓ About You
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6 Results

Your Results

Based on the information you entered

If you do not change your withholding, you will get a refund.

Expected tax withholding	\$6,000*
Anticipated tax obligation	\$4,345**
Estimated over payment	\$1,655

\$0 BALANCE

OWE REFUND

Important Note: The accuracy of this estimate depends on the accuracy of the information you provide. The IRS makes no guarantees about the accuracy of this estimate and accepts no liability resulting from your use of the estimation.

* This is your projected withholding for the year if you make no changes and do not submit a new Form W-4. This number includes Federal income tax withheld and any estimated tax paid.
 ** This is your expected tax liability for the 2019 tax year reported on the 2019 Form 1040 due to be filed by April 15, 2020. This number includes Federal income tax, additional Medicare tax, and self-employment tax, if applicable.

Your recap

Your Information

The following is a recap of information entered on the preceding pages on which the above advice is based. Use the progress tracker at the top of the screen to go back to pages if you need to edit information.

PREPARED: WEDNESDAY, SEPTEMBER 11, 2019

Filing Status:	Single	Will you be 65 or older on January 1, 2020?	No
Can someone claim you as a dependent?	No	Are you blind?	No
Number of jobs/pensions:	1	Total contribution to tax-deferred retirement plan:	\$0
Total salary/pensions:	\$50,000	Child credit qualifying children:	0
Total earned income other than salary:	\$0	Child & dependent care credit expenses:	\$0
Other income:	\$0	EITC qualifying children:	0
Total tax withheld from last check:	\$250	Adjustments to income:	\$0
Total tax withheld to date:	\$4,000	Total itemized deductions:	\$0

Resources:

- www.irs.gov/estimator
- [Publication 505](#), Tax Withholding and Estimated Tax
- [Form W-4](#), Employee's Withholding Allowance Certificate
- [Form 1040-ES](#), Estimated Tax for Individuals



W-2 scam

- Poses as company executive, asks payroll employee for list of all employees W-2s
- Targets: businesses, public schools, universities, tribes
- Employer/victims should email dataloss@irs.gov and provide POC
- Victims/non-victims should forward any suspicious W-2 emails (including full headers) to Phishing@irs.gov and use subject line: W2 Scam



W-2 spoof

Don't fall for spoofing emails

Stay alert to cybercriminals trying to trick payroll and HR offices into giving them employees W-2 information.

www.irs.gov/alerts

GIIRS



From: J. Smith CEO (jsmith@yourcompany.com)
To: Mary Jones (mary.jones@yourcompany.com)
Subject: Mutual Review

Mary,

Happy Friday! I need you to send me the list of W-2 copy of employees wage and tax statements for 2017. I need them for mutual review, you can send it as an attachment in PDF file type.

Thanks,
J. Smith CEO

Payroll industry calls

Monthly payroll industry calls

- First Thursday of each month
- 1:00 p.m. Eastern

sbse.payroll@irs.gov



Emerging employment tax issue

Wellness Benefits

- Many employers, health insurers and unions provide employees with wellness plans or programs that are designed to promote the health of the employees
- Employer wellness programs often provide employees with rewards for taking certain actions intended to promote health



Emerging employment tax issue

- If the rewards are limited to section 213 medical expenses then usually they would not be wages subject to employment taxes
- An example is where the employer places a limitation on a gift card such that it may only be used for a section 213 medical expense, e.g., prescription medications



Emerging employment tax issue

- Some employers offer a wellness arrangement where they require the employee to pay a pre-tax premium (similar to a health plan premium through a cafeteria plan)
- Under existing law in IRC § 105 and 106, the amount of the reimbursement in this arrangement is wages subject to employment taxes



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