

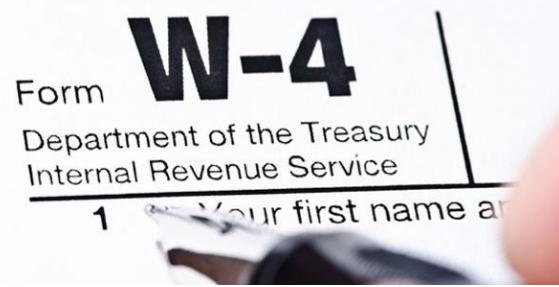


## New W4 Form Launched by the IRS for 2020!

December 5, 2019

### **Update!**

On December 5, the IRS issued the redesigned [\*\*2020 Form W-4\*\*](#) (Employee's Withholding Certificate). The new form no longer uses withholding allowances. Instead, there is a five-step process and new Publication 15-T (Federal Income Tax Withholding Methods) for determining employee withholding.



The payroll community has anticipated the release of a redesigned Form W-4 since the enactment of the Tax Cuts and Jobs Act required significant changes to the form. The IRS postponed this new Form W-4 redesign in the 2018 and 2019 tax years due to time constraints and concerns from the payroll community.

Now, the IRS has issued the final 2020 Form W-4 with a five-step process (only Steps 1 and 5 must be completed) for determining employee withholding as follows:

- Step 1. For an employee's personal information and his/her anticipated filing status to determine the standard deduction and tax rates used to compute withholding.
- Step 2. For an employee who has: (1) more than one job at the same time, or (2) are married filing jointly and both the employee and his/her spouse work.
- Step 3. Provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return.
- Step 4. For an employee to enter: (1) other estimated income for the year (e.g., interest, dividends and retirement income), (2) deductions other than the standard deduction to reduce withholding and (3) any additional tax the employee wants withheld for each pay period.

- Step 5. The employee signature and date under penalties of perjury.

### **What Does This Mean for Employers?**

- Ensure you have the most updated W4 by the IRS
- Download the instructions to understand what is required by the IRS
- Learn to communicate with the employees to utilize the new W4 forms

### **Next Step Recommendation**

- Review the [IRS Video](#) to ensure you understand all the components of the New regulations;
- Attend webinar training by HR Compliance Solutions, LLC to assess how you can be in compliance with the new regulations and how you can communicate with employees;
- Subscribe to HR Compliance Solutions at [www.hrcompliance.biz](http://www.hrcompliance.biz) to get all the updated compliance regulations for 2020!

<https://www.irsvideos.gov/Webinars/UnderstandingThe2020FormW4AndHowToUseItToCalculateWithholding>

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