**INFORMATIONAL CIRCULAR NO:** 20-P-018

**DATE:** November 25, 2019

**SUBJECT:** Claiming Exemption from Federal Taxation W-4 Changes for 2020

**EFFECTIVE DATE:** Immediately

**OCFO CONTACT:** Carmen Waters (785) 296-7059 Carmen.Waters@ks.gov

**APPROVAL:**

**SUMMARY:** Changes to IRS Form W-4 Employee’s Withholding Allowance Certificate for Calendar Year 2020 for Claiming Exemption.

Pursuant to IRS regulations, all employees claiming an exemption from federal withholding must file a new W-4 each calendar year. To facilitate this requirement, an email notification will be sent on December 2, 2019 to all SHARP employees who are exempt from federal withholding. Notifications will be sent to the employee’s email address listed under the ‘My System Profile’ tile in Employee Self Service. Notifications will be sent to the agency payroll supervisor email address for those employees who lack an individual email address, and agencies will need to distribute the notifications to their employees.

For agency payroll/human resource staff, a worklist will be created to identify these employees. The worklist will be sent on December 2, 2019to staff designated as the Agency Payroll Administrator through the SHARP security roles. The worklist can be accessed two ways in SHARP for those with this role: from the Payroll Home page, click on the Payroll Processing Tile, then click on Worklist on the left side of the screen, or click on the NavBar icon on the top right side of the screen, then click on the Navigator icon and then the Worklist menu item. For each employee on the worklist, your agency should contact the person to ensure the appropriate action is taken so that the desired tax status is in effect for 2020. If your agency has no employees claiming an exemption from federal withholding the worklist will be empty.

**Due to changes to the Federal W-4 form as a result of the implementation of the Tax Cuts and Jobs Act of 2018, updates are required to the SHARP system. The target date for implementation of the required changes to SHARP and Employee Self Service is December 30, 2019.** Therefore, any employee that wants to claim exempt status for 2020 prior to December 30, 2019, will need to submit a paper 2020 W-4 form to agency personnel once the IRS issues the finalized copy of the 2020 Federal W-4 form. Agency personnel have until 6:00 p.m. on January 3, 2020 to enter all paper W-4s into the system, using an effective dated row of January 2, 2020. Additional instructions for entering the new 2020 W-4 form in SHARP will be made available once the required changes are implemented in the SHARP system.

The KPAY320 will be processed the evening of December 29, 2019. This process searches for all employees for whom a W-4 email notification has been sent. If a new W-4 has not been received, a January 1, 2020 effective-dated row will be placed in the Employee Tax Data record. The January 1, 2020 effective-dated row will update the employee’s marital status to ‘single’ with no other adjustments.

The KPAY320 will only insert new effective-dated rows for federal withholding tax. Employees should be advised to also review their state tax withholding to determine if changes are needed. Employees working in Kansas will need to complete a new Form K-4, either paper or on-line, to make any needed state tax withholding change. SHARP employees are encouraged to use the Employee Self Service functionality to file their 2020 K-4’s.

**The 2020 Form W-4 will be posted to the Office of the Accounts and Report’s website as soon as it is available from the IRS.**

The KPAY320 will also enter a new effective-dated row in the SHARP federal tax data records on December 29, 2019 for employees with a special tax withholding status of ‘Non-Resident Alien’ to reflect that **no** 8233 form has yet been submitted for calendar year 2020. The new tax data row will be dated January 1, 2020. The 8233 indicator on the tax data records should be updated once a form 8233 for calendar year 2020 has been submitted. A listing will not be provided for the 'Non-Resident Alien' updates, since reports are generated periodically throughout the calendar year to identify employees who have had non-resident alien earnings reported but whose current Federal Tax Data record in SHARP indicates the ‘Form 8233 Received’ checkbox does not contain a value of ‘Y’.

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