2020 Federal Form W-4 Overview
Office of Accounts and Reports – Statewide Payroll
Webinar Q&A

Q1: For an employee who begins on December 30, 2019, do they complete the 2019 W-4?
Related Question: We have several new employees starting on 12/30/2019. What form should we have them use? The 2019 or the 2020?

A1: The IRS has clarified in the online FAQs that any new employee that is first paid **after** 2019 (i.e. hired in 2019 but first paid in 2020) should use the new 2020 W-4 form. The IRS FAQs are available at https://www.irs.gov/newsroom/faqs-on-the-2020-form-w-4

Q2: If an employee does not make any changes to their W-4, will they see significant changes on their paycheck?

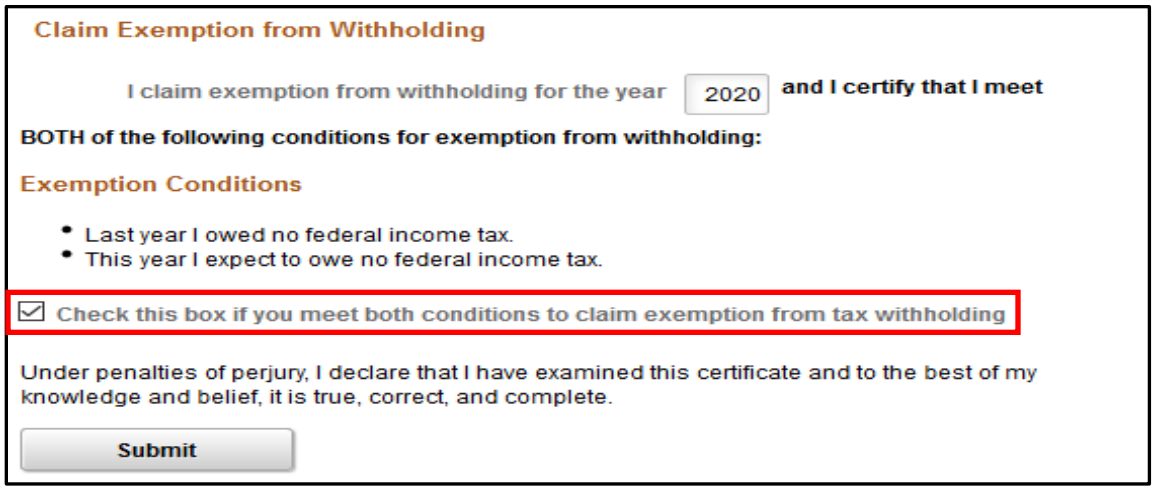
A2: The final version of the 2020 IRS Publication 15-T: Federal Income Tax Withholding Methods is not scheduled to be released until Dec. 31, 2019. However, based on the **DRAFT** version of Publication 15-T, the 2020 tax rates remain the same as those in effect for 2019 (10%, 12%, 22%, 24%, 32%, 35%, 37%) but the tax bracket ranges have been adjusted (indexed) for annual inflation.

For example: For Single/Married Filing Jointly the tax rate of 10% is applied to a tax bracket in 2019 of taxable income up to $19,400; for 2020 the DRAFT tax bracket for the tax rate of 10% has been adjusted to reflect taxable income up to $19,750.

For an individual with no other changes in their tax scenario, it does not appear that there will be significant changes to their paycheck (other than the changes associated with the annual tax bracket adjustments). If an employee has experienced significant changes to their tax status or had a significant refund (over-withholding) or tax liability (under-withholding) when filing their taxes, the employee may want to consider completing a 2020 W-4 to achieve more accurate withholding for their personal tax situation.

Q3: Do you know how they will write Exempt on ESS? Our understanding is that they hand write it on the page below 4c. Will there be a fillable box for them to type Exempt on the 2020 electronic form?

A3: Employees can claim Exempt status in ESS starting 1/1/20 by completing the below W-4 section:



Q4: Will there be a new circular on tax rates and calculations?

Q4: A new circular on tax rates and calculations will be issued once the final version of the 2020 IRS Publication 15-T: Federal Income Tax Withholding Methods is released. The final version is scheduled to be released by the IRS on Dec. 31, 2019.

Q5: We have employees that change their withholding throughout the year to claim 9 dependents and then back to 0 at a later date. How can this be done in 2020?

Related Question: The employees that used to claim 9 for one paycheck and then change it back the next, could they claim exempt for one paycheck and change it back the next?

A5: As shown in the screenshot included in answer A3, an employee claiming Exempt status is certifying under penalty of perjury that the individual meets both conditions required to claim exemption from withholding (owed no income tax in previous year and expects to owe no federal income tax in the year claiming exemption). In addition, per IRS publications, a claim for exemption may be reviewed by the IRS. Therefore, it is not recommended that an employee claim exemption in order to manipulate the federal tax withholding for a specific paycheck.

Employees may use the IRS Tax Withholding Estimator at www.irs.gov/W4app to more accurately calculate the federal income tax withholding to be applied throughout the year via the completion by the employee of a 2020 Federal W-4 form. For specific tax advice, employees should consult a tax attorney or tax specialist to discuss the appropriate steps to address the unique tax situation of the employee. Agency HR/Payroll staff may not provide tax advice to employees.

Q6: REGENT AGENCY ONLY: Are there changes needed to the Regent agency MRI Interface for submitting Non-Resident Alien Fed Tax Data information:

A6: At this time no modifications to the Regent agency MRI are anticipated at the regent agency level. Statewide Payroll worked with technical staff to apply the following changes for the processing of NRA records received via the Regent MRI:

- The correct Federal Form W-4 Version radio button for Fed Tax Data rows for non-resident alien employees will be determined based on the system processing date on which the file is loaded to SHARP
- Values will be inserted as follows: Special Withholding Tax Status = 'Non-Resident Alien' and Tax Status = 'Single' as required by IRS regulations
- An edit is in place which will only allow regent agency NRA rows to load to Fed Tax Data in SHARP - any other Fed Tax Data rows submitted via the Regent MRI will error off

Statewide Payroll will be auditing the Effective Date and corresponding Federal Form W-4 Version fields on Fed Tax Data in SHARP during and after the transition period and will work with agencies to make any necessary updates to the Form W-4 Version if any mis-matches are identified.