

Introduction

The Internal Revenue Service has released a new design and options for the 2020 and beyond W-4 Employee's Withholding Certificate form. The reason for the new design is to accurately determine the withholding using straightforward questions and less complicated worksheets. The form will be mandatory for all those hired after 1/1/2020, and any employee changing their withholding after 1/1/2020.

Internal Revenue Service

The Internal Revenue Service www.irs.gov has added a <https://www.irs.gov/newsroom/faqs-on-the-2020-form-w-4> page to their website.

Here is a copy of the newly redesigned 2021 W-4:

W-4 Form (Rev. December 2020) Department of the Treasury Internal Revenue Service		Employee's Withholding Certificate		OMB No. 1545-0074
		<p>▶ 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.</p>		<p>2021</p>
Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number	
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .	
	City or town, state, and ZIP code			
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying widow(er) <input type="checkbox"/> 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.)			
<p>Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at www.irs.gov/W4App, and privacy.</p>				
Step 2: Multiple Jobs or Spouse Works	<p>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 for this step (and Steps 3-4); 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 ▶ <input type="checkbox"/></p> <p>TIP: To be accurate, submit a 2021 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.</p>			
<p>Complete Steps 3-4(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 3-4(b) on the Form W-4 for the highest paying job.)</p>				
Step 3: Claim Dependents	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):			
	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 (not from jobs). 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		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: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.			
	▶ Employee's signature (This form is not valid unless you sign it.)		▶ Date	
Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)	

Tax Information

Effective 1/1/2020, the **Tax Information** screen in isolved will change to accommodate the new withholding statuses. The Employee Self-Service > Tax Updates wizard will also change, along with the **Quick Hire** screen. Here are the steps to complete the updated W-2 information.

1. Navigate to Employee Management > Employee Pay > Tax Information.

(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.)

2. Change the **Filing Status** to match what was selected in the step above (c).

Federal Income Tax
Filing Status:

3. If there is a check box in **Step 2**, please check the "Multiple Jobs or Spouse Works" box under **Federal Income Tax**.

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 for this step (and Steps 3-4); 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
TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.
Complete Steps 3-4(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 3-4(b) on the Form W-4 for the highest paying job.)

Federal Income Tax
Filing Status:
 Block Tax
 Multiple Jobs or Spouse Works

4. The entry in **Step 3** of the 2020 W-4 is entered under **Dependents Amount**.

Step 3: Claim Dependents
If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):
Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ 2000
Multiply the number of other dependents by \$500 ▶ \$
Add the amounts above and enter the total here **3** \$ 2000

Federal Income Tax
Filing Status:
 Block Tax
 Multiple Jobs or Spouse Works
Dependents Amount:

5. There are three entries on the W-4 that may or may not be completed by the employee. If completed, enter the amounts for **Step 4 (a)** under **Other Income Amount**.

Step 4 (optional): Other	(a) Other income (not from jobs). 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	4(a)	\$	10000

Federal Income Tax

Filing Status:

Block Tax

Multiple Jobs or Spouse Works

Dependents Amount:

Other Income Amount:

6. If there is an entry under **Step 4 (b)**, enter under **Deductions Amount**. The information for Step 4 (b) will be calculated on page 3 using the Deductions Worksheet.

Step 4(b)—Deductions Worksheet <i>(Keep for your records.)</i>		
1	Enter an estimate of your 2020 itemized deductions (from Schedule A (Form 1040 or 1040-SR)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income	1 \$ 26300
2	Enter: <ul style="list-style-type: none"> • \$24,800 if you're married filing jointly or qualifying widow(er) • \$18,650 if you're head of household • \$12,400 if you're single or married filing separately 	2 \$ 18650
3	If line 1 is greater than line 2, subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-"	3 \$ 7650
4	Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040 or 1040-SR)). See Pub. 505 for more information	4 \$ 1000
5	Add lines 3 and 4. Enter the result here and in Step 4(b) of Form W-4	5 \$ 8650

Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). 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	4(a)	\$	10000
	(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)	\$	8650

Federal Income Tax

Filing Status:

Block Tax

Multiple Jobs or Spouse Works

Dependents Amount:

Other Income Amount:

Deductions Amount:

- 7. If there is an entry in **Step 4 (c)**, enter it under **Additional Dollars**. The amount on Step 4 (c) may come from the Worksheet on page 4 of the W-4 titled with each Filing Status or based on the employee's request. Here is an example:

Form W-4 (2020) Page **4**

Married Filing Jointly or Qualifying Widow(er)

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$220	\$850	\$900	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,210	\$1,870	\$1,870
\$10,000 - 19,999	220	1,220	1,900	2,100	2,220	2,220	2,220	2,220	2,410	3,410	4,070	4,070
\$20,000 - 29,999	850	1,900	2,730	2,930	3,050	3,050	3,050	3,240	4,240	5,240	5,900	5,900
\$30,000 - 39,999	900	2,100	2,930	3,130	3,250	3,250	3,440	4,440	5,440	6,440	7,100	7,100
\$40,000 - 49,999	1,020	2,220	3,050	3,250	3,370	3,570	4,570	5,570	6,570	7,570	8,220	8,220
\$50,000 - 59,999	1,020	2,220	3,050	3,250	3,570	4,570	5,570	6,570	7,570	8,570	9,220	9,220
\$60,000 - 69,999	1,020	2,220	3,050	3,440	4,570	5,570	6,570	7,570	8,570	9,570	10,220	10,220
\$70,000 - 79,999	1,020	2,220	3,240	4,440	5,570	6,570	7,570	8,570	9,570	10,570	11,220	11,240
\$80,000 - 99,999	1,060	3,260	5,090	6,290	7,420	8,420	9,420	10,420	11,420	12,420	13,260	13,460
\$100,000 - 149,999	1,870	4,070	5,900	7,100	8,220	9,320	10,520	11,720	12,920	14,120	14,980	15,180
\$150,000 - 239,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	12,790	13,990	15,190	16,050	16,250
\$240,000 - 259,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	12,790	13,990	15,520	17,170	18,170
\$260,000 - 279,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	13,120	15,120	17,120	18,770	19,770
\$280,000 - 299,999	2,040	4,440	6,470	7,870	9,190	10,720	12,720	14,720	16,720	18,720	20,370	21,370
\$300,000 - 319,999	2,040	4,440	6,470	8,200	10,320	12,320	14,320	16,320	18,320	20,320	21,970	22,970
\$320,000 - 364,999	2,720	5,920	8,750	10,950	13,070	15,070	17,070	19,070	21,290	23,590	25,540	26,840
\$365,000 - 524,999	2,970	6,470	9,600	12,100	14,530	16,830	19,130	21,430	23,730	26,030	27,980	29,280
\$525,000 and over	3,140	6,840	10,170	12,870	15,500	18,000	20,500	23,000	25,500	28,000	30,150	31,650

Step 2(b) – Multiple Jobs Worksheet *(Keep for your records.)*

If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on **only ONE** Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job.

Note: If more than one job has annual wages of more than \$120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/W4App.

- Two jobs.** If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, **skip** to line 3. **1** \$ 8220
- Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.
 - Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a. **2a** \$ 0
 - Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b. **2b** \$ 0
 - Add the amounts from lines 2a and 2b and enter the result on line 2c. **2c** \$ 0
- Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. **3** 26
- Divide** the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in **Step 4(c)** of Form W-4 for the highest paying job (along with any other additional amount you want withheld). **4** \$ 316.15

Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). 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	4(a)	\$	10000
	(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)	\$	8650
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$	316.15

Federal Income Tax

Filing Status: ▼

Block Tax

Multiple Jobs or Spouse Works

Dependents Amount:

Other Income Amount:

Deductions Amount:

Additional \$: ▼

8. Click on **Save** once all entries are complete.