

Federal and state  
Form W-4 compliance  
for 2020



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# Federal and state Form W-4 compliance in 2020

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Spring is in the air, and that means it's time for employees to get their tax matters in order. This is particularly important for 2020 due to the extensive changes made to the Form W-4 that incorporate changes under the Tax Cuts and Jobs Act (TCJA) and improve the accuracy of taxpayer requests for income tax withholding.

In this special report, we explain the changes in the 2020 Form W-4 and the related federal income tax withholding calculations, and recap how the state rules governing withholding certificates have responded to the transformation in the federal withholding landscape.

#### Included in this special report:

- ▶ TCJA forces changes to the Form W-4
- ▶ 2020 Form W-4 frequently asked questions
- ▶ New income tax withholding methods
- ▶ Compliance with lock-in letters
- ▶ Special instructions for US nonresident aliens
- ▶ IRS Form W-4 proposed regulations
- ▶ State Form W-4 compliance in 2020
- ▶ Form W-4 top 10 tips
- ▶ State Form W-4 survey
- ▶ State Form W-4 heat map

# Federal and state Form W-4 compliance in 2020

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Top 10 Form W-4 tips for 2020	
1	Don't accept Forms W-4 that are invalid
2	Know what to do when there is no federal or state withholding allowance certificate on file
3	Keep in mind that you have 30 days to process Form W-4 changes
4	Be sure to retain a history of Form W-4 changes
5	Remember that IRS lock-in letters generally supersede the Form W-4
6	Always compare the name on the Form W-4 with the employer's Form W-2 files
7	Remember that US nonresident aliens are subject to special Form W-4 rules
8	Be certain to obtain the applicable state nonresident certificate before excluding wages from nonresident income tax withholding
9	File state withholding allowance certificates when and where required
10	Don't assume the Federal Form W-4 is used for state income tax withholding purposes (see our survey on page 24)

## Tax Cuts and Jobs Act forces changes to Form W-4

Under the TCJA and effective January 1, 2018, and through December 31, 2025, the personal exemption deduction is suspended; however, the law allowed the IRS to administer the federal income tax withholding rules under IRC §3402 without regard to this provision for tax years beginning before January 1, 2019. ([TCJA §11041](#).)

The IRS issued an extensively modified draft Form W-4 for use in 2019; however it [announced](#) that as a result of feedback from payroll and tax professionals, it delayed extensive changes to the form until 2020. Like 2018, the 2019 [Form W-4](#) continued to contain line 5 on which employees could claim withholding allowances.

In [IR-2019-98](#), the IRS issued the first draft release of the [Form W-4](#) for 2020 and frequently asked questions ([FAQs](#)) for employers and employees about the revisions to the form. The final [Form W-4](#) was released in December 2020 with only minor changes.

Starting in 2020, the name of the Form W-4 is changed from *Employee's Withholding Allowance Certificate*, to *Employee's Withholding Certificate* to account for the fact that personal allowances are not claimed on the form for 2020 through 2025.

### ▶ New IRS withholding estimator for employees:

In [IR-2019-139](#) the IRS announced its release of a new [Tax Withholding Estimator](#) to assist employees in confirming that the information on their Form W-4 will result in federal income tax withholding that more closely approximates the federal income tax they will owe for the year.

The new mobile-friendly tool allows users to provide details about their estimated income from most sources and the tax credits and itemized deductions they plan to claim. In contrast to the previous IRS withholding tax calculator, this tool automatically determines how the Form W-4 should be completed based on the information provided by the user and includes a link to download the Form W-4 for completion and submission to the employer.

### ▶ 2020 Form W-4 changes:

In addition to the elimination of personal allowances on the 2020 Form W-4, a number of other changes were made starting in 2020 to incorporate other aspects of the TCJA and to better streamline the form for more accurate federal income tax withholding.

The following is a comparison of the 2019 and 2020 Form W-4.

## Form W-4 fields: 2019 compared to 2020

2019 Form W-4	2020 Form W-4
<b>Form W-4, Marital status</b>	
	<b>Step 1:</b>
Single	Single or married filing separately
Married	Married filing jointly (or qualifying widow(s))
	Head of household
Married but withhold at a higher single rate	
<b>Form W-4, Personal allowances and other credits</b>	
	<b>Step 2: *</b>
Total number of allowances you're claiming (from the applicable worksheet on the following pages)**	Check box 2 if multiple jobs and/or married filing jointly and spouse also works. (Step 2C is comparable to the 2019 marital status of "married but withholding at a single rate")*
** Note that the 2020 standard withholding rate schedule in Publication 15-T will compute the correct income tax withholding using personal allowances claimed on the Form W-4 using a 2020 annual value of \$4,300	<b>Step 3:</b> Claim dependent exemption (for 2020, \$2,000 for qualifying children under 17 and \$500 for other dependents)*
<b>Form W-4, Other adjustments</b>	
<b>Line 6:</b> Additional amount, if any, you want withheld from each paycheck	<b>Step 4:</b> Enter any additional tax you want withheld each pay period including any amount from Step 2
<b>Line 7:</b> Claim exempt from federal income tax withholding if nonresident aliens write "NRA"	<b>Below Step 4(c):</b> Write exempt to have no income tax withheld from pay Nonresident aliens write "NRA"
	<b>Step 4 additional fields:*</b>
	<b>4(a). Other income.</b> Enter the amount of other income you expect this year that won't have withholding.*
	<b>4(b). Deductions.</b> If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet and enter the result.*

\* For employees who have not submitted a 2020 Form W-4, treat these fields as having no data



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# Federal and state Form W-4 compliance in 2020

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## 2020 Form W-4 frequently asked questions

- ▶ **Are two systems required now for federal income tax withholding – one for forms submitted before 2020 and another for forms submitted after 2019?**

Not necessarily. The same set of withholding tables can be used for both sets of forms. You can apply these tables separately to systems for new and old forms. Or, rather than having two separate systems, you may prefer to use a single system based on the redesigned form. To do this, you could enter zero or leave blank information for old forms for the data fields that capture the information on the redesigned form but was not provided to you under the old design.

- ▶ **How do I treat employees hired after 2019 who do not submit a Form W-4?**

New employees who fail to submit a Form W-4 after 2019 will be treated as a single filer with no other adjustments. This means that a single filer's standard deduction with no other entries will be considered in determining withholding. The IRS and the Treasury Department anticipate issuing guidance consistent with this approach.

- ▶ **Are employees hired after 2019 required to use the redesigned form?**

Yes. Beginning in 2020, all new employees must use the redesigned form. Similarly, any employees hired prior to 2020 who wish to adjust their withholding must use the redesigned form.

- ▶ **What about employees hired prior to 2020 who want to adjust withholding from their pay dated January 1, 2020, or later?**

Employees must use the redesigned form.

- ▶ **May I ask all my employees hired before 2020 to submit new Forms W-4 using the redesigned version of the form?**

Yes. You may ask, but as part of the request you should explain that they are not required to submit a new Form W-4 and if they do not submit a new Form W-4, withholding will continue based on a valid Form W-4 previously submitted.

For employees who furnished forms before 2020 and who do not furnish a new one after 2019, you must continue to withhold based on the Form W-4 previously submitted. You are not permitted to treat employees as failing to furnish Forms W-4 if they don't give you a 2020 Form W-4. Note, however, that if any employee claimed exemption from federal income tax withholding in 2019, they were required to give their employer a 2020 Form W-4 by February 17, 2020.

- ▶ **What should the employer do if an employee submits a substitute Form W-4 that does not comply with the IRS official form?**

Employers must refuse to accept a substitute form developed by an employee. An employee submitting such a form will be treated as failing to furnish a Form W-4.

Further, any alteration of a Form W-4 (e.g., crossed-out penalties of perjury statement above the signature) will also cause the Form W-4 to be invalid. If an employer receives an invalid Form W-4, the employee will also be treated as failing to furnish a Form W-4.

In both cases, the employer must inform the employee that the Form W-4 is invalid and must request another Form W-4 from the employee. Until the employee furnishes a new Form W-4, the employer must withhold from the employee as from a single person with no adjustments to withholding. If, however, a prior Form W-4 is in effect for the employee, the employer must continue to withhold based on the prior Form W-4. (FAQ 7 and 8, *Withholding Compliance Questions & Answers*.)

- ▶ **If an employee submits a Form W-4 claiming exempt from withholding, do I still use the flat tax rates of 22% or 37%?**

If the employee's supplemental wages for the year are less than \$1 million and the employee has submitted a Form W-4 claiming exemption from withholding, you do not withhold any federal income tax. On the other hand, if the employee's supplemental wages are more than \$1 million, you must withhold at a flat 37% regardless of any Form W-4 claiming exemption.



## New income tax withholding methods

Starting in 2020, the formulas and tables used in computing federal income tax withholding are moved from Publication 15 to the new [Publication 15-T, Federal Income Tax Withholding Methods](#). Publication 15-T is designed to work with the [2020 Form W-4](#) that was significantly modified to conform to changes under the Tax Cuts and Jobs Act, in particular the elimination of personal allowances through 2025.

Effective in 2020, the IRS will post information previously included in Notice 1036 in early drafts of Publication 15 and Publication 15-T. The IRS states that early release drafts of withholding tables will generally be available sooner than Notice 1036 was in prior years.

Not all employees are required to submit the new 2020 Form W-4, only newly hired employees who first receive wages in 2020, employees who claimed exemption from withholding in 2019 and employees who wish to change their Form W-4 in 2020. Accordingly, some employees will continue to have a Form W-4 on file that was submitted in 2019 or earlier years. Publication 15-T is designed to work with Forms W-4 submitted before and after January 1, 2020.



Effective in 2020, the IRS discontinued publishing Formula Tables for Percentage Method Withholding (for Automated Payroll Systems), Wage Bracket Percentage Method Tables (for Automated Payroll Systems), and Combined Federal Income Tax, Employee Social Security Tax, and Employee Medicare Tax Withholding Tables. Instead, there are two new tables used to compute federal income tax withholding:

- ▶ **Standard Withholding Rate Schedules.** This table is used if the employee's Form W-4 is from 2019 or earlier, or if the box in step 2 of the Form W-4 for 2020 and later years is not checked.
- ▶ **Form W-4, Step 2, Checkbox, Withholding Rate Schedules.** This table is used if the Form W-4 is from 2020 or later years and the box in step 2 of Form W-4 is checked.

The tables used in 2020 by automated payroll systems are shown on page [6](#).

- ▶ **Personal allowance value is \$4,300 when figuring income tax for Forms W-4 from 2019 or earlier years:**

When computing federal income tax withholding using the percentage method for automated payroll systems for employees who have not submitted a Form W-4 for 2020, the adjusted annual wage amount continues to consider personal allowances. For 2020, multiply each personal allowance claimed on the employee's Form W-4 by \$4,300. ([Publication 15-T, page 5](#).)

- ▶ **New income tax calculator for employers:**

The IRS published to its website a tool called the [Income Tax Withholding Assistant](#), a spreadsheet designed in Excel to assist small employers in computing the amount of federal income tax to withhold from employees' paychecks. The tool was created based on feedback from the business community that small employers require assistance as they transition to the new 2020 [Form W-4](#).

The [Income Tax Withholding Assistant](#) is designed to work with 2020 Forms W-4 and Forms W-4 submitted before 2020. The IRS emphasizes that businesses using an automated payroll system won't need to use the tool to calculate income tax withholding.

# Federal and state Form W-4 compliance in 2020

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## 2020 annual percentage withholding tables for automated payroll systems

### Standard Withholding Rate Schedules

(Use these if the Form W-4 is from 2019 or earlier, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked.)

If the Adjusted Annual Wage Amount (line 2a) is		The tentative amount to withhold is ...	Plus this percentage ...	of the amount that the Adjusted Annual Wage exceeds ...
At least ...	But less than ...			
A	B	C	D	E
<b>Married filing jointly</b>				
\$ 0	\$ 11,900	\$ 0.00	0%	\$ 0
\$ 11,900	\$ 31,650	\$ 0.00	10%	\$ 11,900
\$ 31,650	\$ 92,150	\$ 1,975.00	12%	\$ 31,650
\$ 92,150	\$ 182,950	\$ 9,235.00	22%	\$ 92,150
\$ 182,950	\$ 338,500	\$ 29,211.00	24%	\$ 182,950
\$ 338,500	\$ 426,600	\$ 66,543.00	32%	\$ 338,500
\$ 426,600	\$ 633,950	\$ 94,735.00	35%	\$ 426,600
\$ 633,950		\$ 167,307.50	37%	\$ 633,950
<b>Single or married filing separately</b>				
\$ 0	\$ 3,800	\$ 0.00	0%	\$ 0
\$ 3,800	\$ 13,675	\$ 0.00	10%	\$ 3,800
\$ 13,675	\$ 43,925	\$ 987.50	12%	\$ 13,675
\$ 43,925	\$ 89,325	\$ 4,617.50	22%	\$ 43,925
\$ 89,325	\$ 167,100	\$ 14,605.50	24%	\$ 89,325
\$ 167,100	\$ 211,150	\$ 33,271.50	32%	\$ 167,100
\$ 211,150	\$ 522,200	\$ 47,367.50	35%	\$ 211,150
\$ 522,200		\$ 156,235.00	37%	\$ 522,200
<b>Head of household</b>				
\$ 0	\$ 10,050	\$ 0.00	0%	\$ 0
\$ 10,050	\$ 24,150	\$ 0.00	10%	\$ 10,050
\$ 24,150	\$ 63,750	\$ 1,410.00	12%	\$ 24,150
\$ 63,750	\$ 95,550	\$ 6,162.00	22%	\$ 63,750
\$ 95,550	\$ 173,350	\$ 13,158.00	24%	\$ 95,550
\$ 173,350	\$ 217,400	\$ 31,830.00	32%	\$ 173,350
\$ 217,400	\$ 528,450	\$ 45,926.00	35%	\$ 217,400
\$ 528,450		\$ 154,793.50	37%	\$ 528,450



### Form W-4, Step 2, Checkbox, Withholding Rate Schedules

(Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 IS checked.)

If the Adjusted Annual Wage Amount (line 2a) is		The tentative amount to withhold is ...	Plus this percentage ...	of the amount that the Adjusted Annual Wage exceeds ...
At least ...	But less than ...			
A	B	C	D	E
<b>Married filing jointly</b>				
\$ 0	\$ 12,400	\$ 0.00	0%	\$ 0
\$ 12,400	\$ 22,275	\$ 0.00	10%	\$ 12,400
\$ 22,275	\$ 52,525	\$ 987.50	12%	\$ 22,275
\$ 52,525	\$ 97,925	\$ 4,617.50	22%	\$ 52,525
\$ 97,925	\$ 175,700	\$ 14,605.50	24%	\$ 97,925
\$ 175,700	\$ 219,750	\$ 33,271.50	32%	\$ 175,700
\$ 219,750	\$ 323,425	\$ 47,367.50	35%	\$ 219,750
\$ 323,425		\$ 83,653.75	37%	\$ 323,425
<b>Single or married filing separately</b>				
\$ 0	\$ 6,200	\$ 0.00	0%	\$ 0
\$ 6,200	\$ 11,138	\$ 0.00	10%	\$ 6,200
\$ 11,138	\$ 26,263	\$ 493.75	12%	\$ 11,138
\$ 26,263	\$ 48,963	\$ 2,308.75	22%	\$ 26,263
\$ 48,963	\$ 87,850	\$ 7,302.75	24%	\$ 48,963
\$ 87,850	\$ 109,875	\$ 16,635.75	32%	\$ 87,850
\$ 109,875	\$ 265,400	\$ 23,683.75	35%	\$ 109,875
\$ 265,400		\$ 78,117.50	37%	\$ 265,400
<b>Head of household</b>				
\$ 0	\$ 9,325	\$ 0.00	0%	\$ 0
\$ 9,325	\$ 16,375	\$ 0.00	10%	\$ 9,325
\$ 16,375	\$ 36,175	\$ 705.00	12%	\$ 16,375
\$ 36,175	\$ 52,075	\$ 3,081.00	22%	\$ 36,175
\$ 52,075	\$ 90,975	\$ 6,579.00	24%	\$ 52,075
\$ 90,975	\$ 113,000	\$ 15,915.00	32%	\$ 90,975
\$ 113,000	\$ 268,525	\$ 22,963.00	35%	\$ 113,000
\$ 268,525		\$ 77,396.75	37%	\$ 268,525



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# Federal and state Form W-4 compliance in 2020

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## Compliance with lock-in letters

Due to the significant revamp of the [Form W-4, Employee's Withholding Certificate](#), the IRS published to its website [frequently asked questions](#) (FAQs) that provide updated guidance about compliance with lock-in letters for federal income tax withholding.

### ► Employer obligations pursuant to a lock-in letter:

If the IRS determines that an employee's federal income tax withholding is insufficient, it will issue a lock-in letter to the employer that stipulates the withholding arrangement for the employee. The employer will also receive an employee copy that includes information the employee can provide to the IRS to change the withholding arrangement. Employers are required to furnish the employee copy to active employees (but not terminated employees).

If the employee is terminated at the time of receiving the lock-in letter, the withholding arrangement in the lock-in letter must be implemented by the employer if the employee returns to work for up to 12 months after its receipt.

The employer must implement the withholding arrangement no sooner than 60 calendar days after the date of the lock-in letter, giving the employee time to communicate with the IRS. Once a lock-in rate is effective, an employer cannot decrease withholding unless approved by the IRS. ([FAQ 1, Withholding Compliance Questions & Answers.](#))

### ► The same withholding tables are used for lock-in letters received before and after January 1, 2020

The same set of withholding tables is used for income tax withholding whether the lock-in letter was received before or after January 1, 2020. Accordingly, employers can use a single system based on the modified 2020 Form W-4. To do this, for 2020, input values to Step 4(a) and 4(b) as follows:

4(a) - 12,900 for married filing jointly or 8,600 for all others;

4(b) - Number of allowances, as specified in WHC Letter multiplied by 4,300.

See [Publication 15-T, Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems](#) for additional information. Additionally, the [Income Tax Withholding Assistant for Employers](#) is available to assist in the calculations. ([FAQ 2, Withholding Compliance Questions & Answers.](#))

### ► What to do if an employee submits a revised Form W-4 after the employer implements the lock-in letter

If the revised Form W-4 received from the employee results in more withholding than specified in the lock-in letter, employers must honor the Form W-4. If the revised Form W-4 results in less withholding, employers must withhold based on the lock-in letter. Employers are asked to encourage employees to contact the IRS to request a modification to the lock-in letter. If the employee's request is approved, the IRS will issue a modification letter to the employer with instructions to withhold at a specific rate. ([FAQ 3, Withholding Compliance Questions & Answers.](#))

### ► Effective date of IRS modification letter (letter 2808C)

If an employer receives a modification letter for an existing withholding arrangement, the modification is effective immediately (and not 60 days later). ([FAQ 4, Withholding Compliance Questions & Answers.](#))

### ► Employer consequences for failing to implement a lock-in letter

If an employer fails to comply with the IRS lock-in letter instructions, it is liable for the payment of any federal income tax that should have been withheld but was not. ([FAQ 5, Withholding Compliance Questions & Answers.](#))

### ► Special considerations for electronic Form W-4 systems

The IRS cautions that if employees can change their Form W-4 using an electronic/online system, employers will need to block employees from decreasing their withholding if they are subject to a lock-in letter. ([FAQ 6, Withholding Compliance Questions & Answers.](#))

► **The RS will use alternative methods for monitoring employee withholding in the absence of employers routinely submitting copies of certain Forms W-4**

The IRS will be making more effective use of information contained in its records along with information reported on Form W-2 wage statements to confirm that employees have enough federal income tax withheld. Individuals who have insufficient income tax withholding are subject to penalties. (FAQ 9, *Withholding Compliance Questions & Answers*.)



The IRS announced on March 4, 2020, in Issue 2020-03 that Withholding Compliance Lock-In Letters 2800C and 2808C are being redesigned to include the new lock-in rate instructions. Instead of providing the employer with the number of personal allowances by which withholding would be reduced, the letters will provide employers with the withholding status and withholding rate and any annual reductions to withholding or additional amount to withhold per pay period as a dollar value.

The format shown below is what the withholding instructions will look like on the redesigned 2800C lock-in letter:

**Sample redesigned lock-in letter (2800C)**

Withholding Status (Filing Status): **Single**  
Withholding rate: **Form W-4, Step 2(C), Checkbox (higher withholding rate)**

Annual reductions from withholding (Form W-4 line 3): **\$0.00**  
Other income (Form W-4 line 4(a)): **\$0.00**  
Deductions (Form W-4 line 4 (b)): **\$0.00**  
Additional amount to withhold per paycheck (Form W-4 line 4(c)): **\$0.00**

**Sample redesigned lock-in letter (2808C)**

Withholding Status (Filing Status): **Single (or Married or Head of Household)**  
Withholding rate: **Standard withholding rate**

Annual reductions from withholding (Form W-4 line 3): **\$0.00**  
Other income (Form W-4 line 4(a)): **\$0.00**  
Deductions (Form W-4 line 4 (b)): **\$0.00**  
Additional amount to withhold per paycheck (Form W-4 line 4(c)): **\$0.00**

Until the redesigned Letters 2800C and 2808C are cleared for publishing, the IRS Withholding Compliance Unit will continue to issue the Withholding Compliance Lock-in Letters using the old allowance withholding method and employers should follow the letters as directed.

Employers that have already converted their payroll systems to the new 2020 withholding methods can input values to Step 4(a) and 4(b) for 2020 as follows:

Step 4(a) - \$12,900 for married filing jointly or \$8,600 for all others; and 4(b) - number of allowances, as specified in the letter, multiplied by \$4,300.



# Federal and state Form W-4 compliance in 2020

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## Special instructions for US nonresident aliens

Nonresident alien employee instructions for completing the Form W-4 are contained in [IRS Notice 1392](#), *Supplemental Form W-4 Instructions for Nonresident Aliens*. IRS Notice 1392 is updated to reflect the significant changes made to the Form W-4. Following are the changes to note:

- ▶ **Adjustment to taxable wages for standard deduction.** Nonresident aliens cannot claim the standard deduction. The benefits of the standard deduction are included in the existing wage withholding tables published in Publication 15-T. Because nonresident aliens may not claim the standard deduction, employers are instructed to withhold an additional amount from a nonresident alien's wages. For the specific amounts to be added to wages before applying the wage tables, see Publication 15-T. There are two tables within Publication 15-T for this purpose – one table for employees with Forms W-4 submitted before January 1, 2020, and another table for employees with Forms W-4 submitted on and after January 1, 2020.

Note that a special rule applies to nonresident alien students from India and business apprentices from India who are eligible for the benefits of Article 21(2) of the United States-India income tax treaty. Employers are not required to withhold an additional amount for the standard deduction from the wages of these individuals, as they may be entitled to claim the standard deduction. (See Publication 15-T and Publication 519 for more information.)

Add the amounts in either Table 1 or Table 2 to employees' wages for calculating income tax withholding. (Nonresident alien students and business apprentices from India aren't subject to this procedure.)

- ▶ **Step 1(c): Personal Information.** Nonresident aliens must check the Single or Married filing separately box, regardless of their actual marital status.
- ▶ **Step 3: Claim Dependents.** Only certain nonresident aliens should use Step 3. Nonresident aliens from Canada, Mexico, South Korea or India may be able to claim the child tax credit or the credit for other dependents. (See Pub. 519 and Pub. 972 for more information.) Nonresident aliens are generally not entitled to education credits. (See Pub. 519 for more information.)
- ▶ **Step 4(b).** Nonresident alien itemized deductions and adjustments to income may be limited. If nonresident alien employees expect to claim itemized deductions and/or adjustments to income (such as the student loan interest deduction), they are instructed to add their itemized deductions and adjustments to income and enter the amount in Step 4(b).
- ▶ **Step 4(c).** Write "nonresident alien" or "NRA" in the space below Step 4(c). If nonresident aliens would like to have an additional amount withheld, they are instructed to enter the amount in Step 4(c).
- ▶ **Exempt from withholding.** Nonresident alien employees are instructed to not claim that they are exempt from withholding in the space below Step 4(c) of Form W-4 (even if they meet both conditions to claim exemption from withholding listed in the instructions to the Form W-4).

**Table 1:**  
No Form W-4 for 2020 or later on file

Payroll period	Add additional
Daily or miscellaneous	\$ 31.20
Weekly	\$ 155.80
Biweekly	\$ 311.50
Semimonthly	\$ 337.50
Monthly	\$ 675.00
Quarterly	\$ 2,025.00
Semiannually	\$ 4,050.00
Annually	\$ 8,100.00

**Table 2:**  
Form W-4 for 2020 or later is on file

Payroll period	Add additional
Daily or miscellaneous	\$ 47.70
Weekly	\$ 238.50
Biweekly	\$ 476.90
Semimonthly	\$ 516.70
Monthly	\$ 1,033.30
Quarterly	\$ 3,100.00
Semiannually	\$ 6,200.00
Annually	\$ 12,400.00

## IRS Form W-4 proposed regulations

In [REG-132741-17](#), the IRS issued proposed regulations incorporating changes made to the [Form W-4, Employee Withholding Certificate](#), and related federal income tax withholding computations under the Tax Cuts and Jobs Act as well as other modifications the IRS made in 2020 to streamline and improve withholding elections for taxpayers. For the benefit of employees, the proposed regulations also set forth the circumstances under which various Form W-4 elections apply and the amount of time employees are given to submit Forms W-4 to their employers under various scenarios.

The proposed regulations generally document information the IRS has already published in notices, on its website and in the 2020 editions of Form W-4, [Publication 15](#) and the new [Publication 15-T](#); however, the following arise as items of interest for employers:

- ▶ **Name of Form W-4.** The regulations clarify that the name assigned to the new Form W-4, *Employee's Withholding Certificate*, has the same meaning as Employee's Withholding Allowance Certificate in IRC § 3402(f)(2) and IRC §3402(f)(5).
- ▶ **Requiring employees to use the 2020 Form W-4.** An employer may ask all employees first paid wages before 2020 to furnish a 2020 Form W-4, but in connection with the request the employer should explain that (1) employees are not required to furnish a new Form W-4, and (2) if the employee does not furnish a 2020 Form W-4, the amount of tax to be withheld from the employee's wages will continue to be based on the last valid Form W-4 previously furnished.

Mandatory use of the Form 2020 Form W-4 applies only to employees who (1) are first paid wages on and after January 1, 2020, (2) are changing their withholding elections on and after January 1, 2020, or (3) claimed exemption from withholding in 2019.

- ▶ **Employees who claimed exemption from withholding in 2019.** A Form W-4 submitted in 2019 claiming exemption from federal income tax withholding expired on February 18, 2020. If employees do not furnish a valid 2020 Form W-4 for income tax withholding purposes, the employer must treat them as if they checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the 2020 Form W-4.

Unlike the previous regulations, the proposed regulations do not require the employer to put into effect a previously furnished valid Form W-4 when an employee's Form W-4 claiming exemption from withholding expires.



# Federal and state Form W-4 compliance in 2020

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- ▶ **Limitations on Forms W-4 requesting additional withholding.** In addition to specifying an additional amount to withhold from wages, employees may request that an additional amount be added to wages on Form W-4 so that the employer may withhold an additional amount of income tax resulting from this addition under the computational procedures prescribed by the IRS in forms, instructions, publications and other guidance for the calendar year for which the Form W-4 is in effect. In addition, these proposed regulations provide that an employee may request an additional amount, not otherwise required, to be withheld from the employee's wages by selecting higher withholding rate tables.

Under the proposed regulations, an employer must comply with the employee's request for additional withholding made on a valid Form W-4 but only after the employer has withheld all amounts otherwise required to be withheld by federal law, state law and local law (other than by state or local law that provides for voluntary withholding).

- ▶ **Requirement to use Form W-4 for the correct calendar year.** The proposed regulations provide that unless provided otherwise in forms, instructions, publications or other guidance prescribed by the IRS, only the Form W-4 revision in effect for a calendar year may be furnished by an employee in that calendar year and given legal effect by the employer as a new Form W-4 or to replace a previously furnished Form W-4. However, an employee may furnish a Form W-4 revision in one calendar year for the next calendar year.

**Example 1.** Employee Anthony furnishes a 2019 Form W-4 to his employer in calendar year 2020. The 2019 Form W-4 Anthony furnished in 2020 has no legal effect. Anthony's employer must disregard this 2019 Form W-4 furnished in 2020 and continue to withhold based on a previously furnished Form W-4 that has been in effect for Anthony, if any. If Anthony has no Form W-4 in effect, he is treated as having no valid withholding allowance certificate.

**Example 2.** Employee Susan furnishes a 2021 Form W-4 to her employer in calendar year 2020 to take effect in calendar year 2021. The 2021 Form W-4 is valid, and Susan's employer must put this form in effect in 2021 in accordance with the timing rules in Reg. § 31.3402(f)(3)-1.

- ▶ **Employee additions to Form W-4 that do not cause the form to be invalid.** An entry "Exempt" on a 2020 Form W-4 in the space below Step 4(c) is not an unauthorized addition because this entry is permitted by the 2020 Form W-4 instructions. Similarly, an entry on the Form W-4 indicating an employee is a nonresident alien individual is not an unauthorized addition because this entry is permitted by Notice 1392. The proposed regulations clarify, however, that an entry claiming exemption from withholding that is accompanied by any other entry on the Form W-4 (other than the employee's filing status) that could potentially affect the amount of income tax withheld from the employee's pay (i.e., an entry on Step 2, Step 3 or Step 4 of the 2020 Form W-4) is an unauthorized addition and, thus, a Form W-4 that includes such an entry is invalid.
- ▶ **Employee Social Security Number (SSN) is required on Form W-4.** Employees must provide their full SSN on the Form W-4. A truncated SSN is not allowed.
- ▶ **Assumption if no valid Form W-4 on file.** If there is no valid Form W-4 on file for an employee, for income tax withholding purposes, the employer must treat that employee as if he/she checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the 2020 Form W-4.



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- ▶ **When employers must put Forms W-4 into effect.** The proposed regulations reiterate existing statutory law concerning the period during which employers must put an employee's Form W-4 submission into effect.

When there is no withholding allowance certificate in effect for a particular employee, and the employee furnishes a withholding allowance certificate to the employer, the employer must put the certificate into effect as of the beginning of the first payroll period ending after the date the certificate is furnished. If the payment of wages is made without regard to a payroll period, the employer must put the withholding allowance certificate into effect as of the first payment of wages after it is furnished.

If the employer has a valid withholding allowance certificate in effect with respect to a particular employee, and the employee furnishes a withholding allowance certificate to take effect during the calendar year, the employer must put the certificate into effect as of the beginning of the first payroll period ending (or the first payment of wages made without regard to a payroll period) on or after the 30th day after the day on which the certificate is furnished. An employer may elect to put a withholding allowance certificate into effect earlier but no earlier than on or after the day the withholding allowance certificate is furnished. An employer may not put into effect a withholding allowance certificate that is furnished to take effect in the next calendar year until the next calendar year.

- ▶ **Lock-in letters.** As previously announced in [Notice 2018-92](#), the IRS confirms that employers are no longer required to notify the IRS if an employee subject to a lock-in letter has terminated. For more information on lock-in letter compliance see [Tax Alert 2020-0343](#).
- ▶ **Single but withhold at a higher single rate vs. married taxpayer filing jointly.** For married taxpayers filing jointly with two jobs held concurrently, the effect of checking the box on the 2020 Form W-4 in Step 2(c) is similar to selecting "Married but withhold at a higher single rate" on the 2019 Form W-4.

- ▶ **Content moved from Publication 15 to new Publication 15-T.** Percentage method tables, wage bracket withholding tables, discussion on alternative withholding methods, and Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members that were formerly published in Publication 15 (Circular E), *Employer's Tax Guide*, Publication 15-A, *Employer's Supplemental Tax Guide*, and Publication 51, *Agricultural Employer's Tax Guide*, are now published in Publication 15-T, *Federal Income Tax Withholding Methods*.

However, in 2020, the IRS discontinued publishing Formula Tables for Percentage Method Withholding (for Automated Payroll Systems), Wage Bracket Percentage Method Tables (for Automated Payroll Systems), and Combined Federal Income Tax, Employee Social Security Tax, and Employee Medicare Tax Withholding Tables.

- ▶ **Discontinuation of Notice 1036, *Early Release Copies of the Percentage Method Tables for Income Tax Withholding*.** Effective in 2020, the IRS will post information previously included in Notice 1036 in early drafts of Publication 15 and Publication 15-T. The IRS states that early release drafts of withholding tables will generally be available sooner than Notice 1036 was in prior years.
- ▶ **2020 Form W-4P, *Withholding Certificate for Pension or Annuity Payments*.** The IRS has no plan to redesign the 2020 Form W-4P in the same manner as the 2020 Form W-4. Instead, the 2020 Form W-4P will continue to request withholding allowances and marital status rather than filing status. Similarly, the Step 2(c) checkbox on the 2020 Form W-4 to request withholding using a higher withholding rate table is inapplicable for the 2020 Form W-4P. Publication 15-A includes further information regarding the 2020 Form W-4P and related withholding tables; computational procedures for the 2020 Form W-4P are included in Publication 15-T. (See also [IRS Notice 2020-3](#).)

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# Federal and state Form W-4 compliance in 2020

Continued



## State Form W-4 compliance in 2020

In response to the TCJA and the significant changes the IRS made to the 2020 Form W-4, only four states (Colorado, New Mexico, North Dakota and Utah) now use the federal Form W-4 exclusively for state income tax withholding purposes. Most states with a personal income tax now have their own unique version of Form W-4 and most of these states do not accept the federal Form W-4 as an alternative to the state form. Some states disallow use of the federal Form W-4 effective with employees who were first hired on and after January 1, 2020 (California, Delaware, Idaho, Massachusetts, Minnesota, Oregon, Rhode Island and Wisconsin).

See the heat map on page [38](#).

Considering that the federal Form W-4 no longer includes the option of claiming personal allowances, employers should encourage employees to use a state Form W-4 when one is available, particularly in states that require use of the state form and/or continue to use personal allowances in the income tax calculation.

Ernst & Young LLP's February 2020 survey results of those states that require the use of a state withholding allowance certificate are shown on page [24](#).

- ▶ **Submitting withholding allowance certificate copies to taxing authorities.** Although the IRS repealed the requirement in 2005 to submit copies of certain Forms W-4 on a quarterly basis, in 2020, 28 income tax jurisdictions continue to impose a similar requirement: Alabama, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, Virginia, West Virginia and Wisconsin.
- ▶ **Special withholding allowance certificates may apply.** Note that some states (even those that allow use of the federal Form W-4) may have special state withholding allowance certificates. For instance, most states require a special certificate for employees claiming to be exempt from state income tax withholding (e.g., Montana Form MRS, Employee Certificate of Status Under the Military Spouses Residency Relief Act (Withholding exemption certificate)), and some, such as North Carolina, require a separate withholding allowance certificate for US nonresident aliens. Further, nonresident certificates are almost always required to claim exemption from nonresident state income tax withholding pursuant to a state reciprocal agreement.

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## Form W-4 top 10 tips

### Tip 1 Don't accept Forms W-4 that are invalid

Employers are frequently concerned about their liability when they suspect that employees are submitting Forms W-4 that do not truthfully reflect their estimated tax liability. For instance, some employees may submit frequent Form W-4 changes to increase their take-home pay or to avoid income tax withholding altogether on special wage payments.

The fact is, the IRS offers specific guidelines for establishing when an employer should reject a Form W-4 as invalid. Merely suspecting that a Form W-4 is false is insufficient reason to reject it.

- ▶ **What is an invalid Form W-4?** Under Treasury regulations, a Form W-4 is invalid if any of the required information is missing or the employee doesn't sign the form. In addition, a Form W-4 is invalid if the official language on the form is deleted or otherwise "defaced," including alteration of the perjury statement (the "jurat"), or if there is an addition of an entry or language that is not included on the official form. IRS-proposed regulations issued in 2020 confirm that adding the words "Exempt" or "NRA" in step 4 does not invalidate the Form W-4. Finally, the IRS explains in Circular E, *Employer's Tax Guide*, that if on the date employees give you the form, they indicate in any way that the information provided is false, the Form W-4 is invalid. ([§31.3402\(f\)\(5\)-1\(b\)](#); [IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2020.](#))
- ▶ **What should you do when an invalid Form W-4 is provided?** Employers are required to reject any Form W-4 that is known to be invalid and continue withholding based on the prior Form W-4 filed by the employee. If there is no prior Form W-4 on file, employers are required to compute federal income tax withholding as though the employee checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4.

It is not the employer's responsibility to verify the truthfulness of an employee's Form W-4, and unless the form is clearly invalid, no sanctions are imposed against employers for withholding based on a Form W-4 containing false information. However, employees are subject to a penalty of \$500 for falsifying the Form W-4. ([IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2020.](#))

- ▶ **Be mindful of requests for flat tax withholding.** Employees sometimes submit a Form W-4 or letter requesting that the employer withhold a flat percentage or dollar amount from their regular wages and/or bonus payments. Interestingly, it may sometimes also be the case that an employee receiving a bonus or equity compensation may request supplemental withholding at a rate higher than 22% or 37% for 2020.

Whether an employee's request for flat tax withholding is made pursuant to regular or supplemental wages, employers should be mindful of the IRS rules governing the Form W-4 and the allowable methods for computing federal income tax withholding.

In the 2020 Form W-4 instructions, the IRS clarifies that a flat percentage of withholding is not allowed and that a flat dollar amount is allowed only in addition to a prescribed withholding tax method (e.g., percentage method, wage bracket table). A Form W-4 must be altered to request flat tax withholding, and that makes the Form W-4 invalid.

Even in the case of supplemental wages, where the Form W-4 is disregarded, a flat tax rate of 22% applies only when the employer chooses to use the supplemental withholding method, and only when certain requirements are met (e.g., federal income tax was withheld on regular wages in the current or preceding year). For supplemental wages in excess of \$1 million in the calendar year, use of the flat tax rate of 37% is mandatory, regardless of a Form W-4 claiming exemption from withholding.

Employers should not use flat rates other than the prescribed 22% or 37% (for 2020) on supplemental wages without discussing it with a tax advisor. ([IRC 3402\(a\)\(1\)](#); [IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2020.](#))



# Federal and state Form W-4 compliance in 2020

Continued

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Whether an employee's request for flat tax withholding is made pursuant to regular or supplemental wages, employers should be mindful of the IRS rules governing the Form W-4 and the allowable methods for computing federal income tax withholding.

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## What to tell employees requesting a flat percentage of federal income tax

Generally, employees request flat dollar or percentage withholding so that federal income tax withholding (FITW) matches their anticipated tax liability for the year.

To accomplish this goal, employees should instead complete the Form W-4 making use of fields on the Form W-4 in Steps 2, 3 and 4.

The IRS provides a withholding calculator on its [website](#) to help employees determine the correct amount of withholding.

Employees may also benefit from any of the IRS resources shown on page [21](#).

- ▶ **What about Social Security Number (SSN) errors and omissions?** Clearly, if the employee does not complete all lines on the Form W-4, particularly those requiring the employee's name and SSN, the form is invalid and must be rejected. The Social Security Administration (SSA) considers an SSN or Taxpayer Identification Number (TIN) missing if it does not have nine numbers or if it includes an alpha character (i.e., a symbol other than an Arabic numeral); therefore, a Form W-4 under these circumstances should also be rejected.

The SSA also prohibits the use of an Individual Taxpayer Identification Number (ITIN) for individuals employed in the US. ([IRS website](#).)

When the Form W-4 is rejected, employers withhold federal income tax based on the previous Form W-4 submitted by the employee. If none was submitted, withhold federal income tax as though the employee checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4

If the SSN shown on the Form W-4 is still missing or invalid at the time that Forms W-2 are issued, employers could face a penalty for both the Form W-2 employee copy and the copy filed with the SSA unless they take certain steps.

These follow-up steps for obtaining a penalty waiver for missing or incorrect reporting of a name or SSN are explained in [IRS Publication 1586, Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TINs](#):

- ▶ **IRS notice received concerning missing SSN.** If employers receive a penalty notice based on a failure to include the employee's SSN on the Form W-2, and the employer seeks a waiver of the penalty based on the failure of the employee to provide the SSN, the following steps demonstrate that the employer acted responsibly:
  - ▶ The employer made an initial solicitation for the SSN in person, by mail, electronically or by telephone at the time the employee began work (e.g., the employer can provide a copy of the Form W-4 provided by the employee with the missing or incorrect SSN).
  - ▶ The employer made an annual solicitation for the employee's SSN during the same calendar year (or by January 31 of the following year for employees who began work during the preceding December). If the employer still did not receive a valid SSN, the employer makes a second annual solicitation by December 31 of the year following the calendar year in which the employee began work. The annual solicitations may be made in person, by mail, electronically or by telephone.

**Tip 2** Know what to do when there is no Form W-4 or state equivalent on file

The IRS and state taxing authorities encourage employees to provide a timely Form W-4 (or state equivalent) to their employers by mandating income tax withholding at an assumed higher rate of tax when there is no form on file.

For federal income tax withholding purposes, when there is no valid Form W-4 on file, the employer is required to assume the employee filed a certificate with the box checked for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4. The result of this rule is a higher amount of federal income tax withholding than applies when claiming married or other adjustments on the Form W-4. ([§31.3402\(f\)\(2\)-1](#); [IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2020.](#))

As you can see in our 2020 state Form W-4 survey (see page [24](#)), a unique withholding allowance certificate applies in some states, and consequently, the assumption made when a withholding certificate is missing is sometimes unique. For instance, if an Arizona employee has failed to provide a Form A-4, the employer is required to withhold at 2.7% of the employee's gross taxable wages. ([Arizona Department of Revenue, Withholding Tax.](#))

To avoid underwithholding penalties, payroll policies and procedures should include the state and local income tax withholding instructions in the case of a missing withholding allowance certificate, and these procedures should be updated at least once a year.

**Tip 3** You have up to 30 days to make Form W-4 changes

Some employees change their Forms W-4 frequently depending on how much money they require to pay upcoming expenses. In other cases, employees submit Form W-4 changes at, near or after a wage payment and expect the change will be immediately or retroactively incorporated in the federal income tax withholding tax calculation.

The IRS does not restrict the number of Forms W-4 an employee may file in a year. However, employers are given ample time to process Form W-4 changes, which could have the same result as limiting the number of Forms W-4 processed annually for an employee.

Specifically, IRS regulations stipulate that a revised Form W-4 must be put in effect no later than the start of the first payroll period ending on or after the 30th day from the date it was received. ([§31.3402\(f\)\(3\)\(B\)\(i\)](#); [Circular E, Employer's Tax Guide Rev. 2020.](#))



Employers are not required to apply Form W-4 changes retroactively, and they should consider the prudence of implementing a policy that generally prohibits this practice.

# Federal and state Form W-4 compliance in 2020

Continued

## Tip 4 Be sure to retain a history of Form W-4 changes

The question often arises: does the employer retain all of the Forms W-4 (and state allowance certificates) submitted, or just the most recent?

For federal income tax purposes, all Forms W-4 that were superseded by a revised Form W-4 must be retained for no less than four years from the date taxes were due or paid. A Form W-4 that is not superseded must be retained by the employer for up to four years following the employee's termination.

**Example 1.** When employee Jim was hired in 2015, he submitted a Form W-4 claiming married with one allowance. On December 24, 2019, he submitted a revised Form W-4 claiming married and zero allowances.

The Form W-4 submitted in 2015 must be retained for four years starting on April 15, 2016, or until April 15, 2020. As a result, through April 15, 2020, the employer must have two Forms W-4 on file for employee Jim: the form submitted in 2015 and the form submitted on December 24, 2019. The Form W-4 submitted on December 24, 2019, must be retained for as long as it remains in effect and for up to four years following Jim's termination (assuming he doesn't submit another Form W-4 before then).

It is easy to see how paper files can become unruly. For instance, if an employer has 2,000 Form W-4 paper submissions each year, that's 8,000 forms that must be archived for a four-year period. And if employees work in states that require a separate withholding allowance certificate, the paper count could substantially increase. This is one of the reasons why electronic systems for gathering this information have become so popular in recent years.

For more information on IRS requirements governing electronic retrieval and storage of Forms W-4, see [§31.3402\(f\)\(5\)-1\(c\)](#).

## Tip 5 Remember that IRS lock-in letters generally supersede the Form W-4

Since 2005, the IRS has relied on a computerized program that uses information reported on the Form W-2 to identify instances where there is significant underwithholding of federal income tax. If there is a significant difference between federal income tax owed and federal income tax withheld, the IRS may send the employer a lock-in letter that specifies the marital status and other adjustments on the Form W-4 for use in computing federal income tax.

In general, the information contained in the IRS lock-in letter trumps the employee's Form W-4, particularly if using the Form W-4 would result in less income tax withholding than specified within the lock-in letter.

Employers must withhold federal income tax as specified in the lock-in letter for any wages paid after the date specified in the letter, except as provided below. You are required to withhold federal income tax according to the lock-in letter as of the date specified, which is generally computed as 45 calendar days after the date of the lock-in letter.

If the employee furnishes a new Form W-4 after the employer receives the original lock-in letter or modification notice, the employer must withhold FITW on the basis of the new Form W-4 only if it does not claim exemption from FITW and only if withholding according to the Form W-4 would result in more FITW than would result under the terms of the lock-in letter or modification notice.

The employer must disregard any new Form W-4 if the employee claims exemption from withholding or claims a marital status or other adjustments that result in less withholding than under the terms of the lock-in letter or modification notice.

If the employee wants to put a new Form W-4 into effect that results in less withholding than required under the lock-in letter or modification notice, the employee must contact the IRS. The employer must withhold on the basis of the lock in letter or modification notice unless the IRS subsequently notifies the employer to withhold based on the employee's Form W-4. (*T.D. 9337; IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2020.*)

Other requirements pertaining to lock-in letters are as follows:

- ▶ **Provide notification to employee.** When a lock-in letter is issued, the IRS provides an employee's copy. The employee's copy identifies the maximum withholding allowances permitted and the marital status that applies when computing FITW. The employee's copy also indicates the process by which the employee can provide additional information to the IRS for purposes of determining the appropriate number of withholding allowances and/or modifying the marital status. (The IRS also mails a similar notice to the employee's last known address.)

If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.

An individual is deemed to be employed by you for these purposes if, as of the date you receive the lock-in letter:

- ▶ You pay wages with respect to prior employment to the employee subject to FITW on or after the date specified in the lock-in letter. If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.

Note that if the employee resumes the performance of services for you more than 12 months after the date of the notice, you are not required to withhold based on the notice.

- ▶ **Modification notice.** After the original mailing of the lock-in letter, the IRS may issue a modification notice. The modification notice may change the marital status and other Form W-4 adjustments. You must comply with the terms of the modification notice according to the date indicated.
- ▶ **Requirement to withhold after termination of employment.** If the employee is employed as of the date of the notice, but you or the employee terminates the employment relationship after the date of the notice, you must continue to withhold based on the lock-in letter or modification notice if any wages subject to FITW are paid with respect to the prior employment after the termination date. Furthermore, you must withhold based on the notice or modification notice if the employee resumes an employment relationship with you within 12 months after the termination of the employment relationship. Whether the employment relationship is terminated is based on all the facts and circumstances.



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In general, the information contained in the IRS lock-in letter will trump the employee's Form W-4, particularly if using the Form W-4 would result in less income tax withholding than required by the lock-in letter.

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# Federal and state Form W-4 compliance in 2020

*Continued*



- ▶ **Be aware of payroll system requirements in connection with lock-in letters.** If there is no field in the employee master record or the employee self-service system to indicate that a lock-in letter is in place, employee requests to change Form W-4 data may be made in violation of the lock-in letter.

For this reason, it is important for the payroll system to designate a field for “locking in” an employee’s Form W-4 data, having the practical result of rejecting changes in federal (or state and local) W-4 data until a qualified payroll or employment tax analyst updates the lock-in field. In an employee self-service environment, this field would generate a notice to employees attempting to change their W-4 data that such changes cannot be made without IRS approval.

In lieu of an automated mechanism for locking in W-4 data, an edit report could be run prior to processing payroll that displays all employees for whom W-4 data changes have been made. That way, there are no employees on the list for whom a lock-in letter applies.

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Although the IRS repealed the requirement to submit copies of certain Forms W-4, 28 state taxing authorities continue to impose this requirement, according to Ernst & Young LLP’s 2020 survey. See the Form W-4 survey results on page [24](#).

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**Tip 6** Always compare the name on the Form W-4 with the employer's Form W-2 files

Marriage, divorce and other life events can result in a change in the employee's last name. Issues arise for employers and these employees if the name or SSN shown on the Form W-2 doesn't match the name or SSN on file with the SSA.

To prevent time-consuming SSA notices and the potential for reporting penalties, employers should compare the name on the Form W-4 against the name appearing on the employee's Social Security card (a copy of the Social Security card can be used for this purpose).

Taking the following steps will show reasonable cause for abatement of penalty for name/SSN reporting errors on the Form W-2. ([IRS Publication 1586](#).)

- ▶ The employer can demonstrate that it made the initial solicitation for the employee's correct SSN at the time the employee began work, and that it used the SSN provided by the employee (e.g., the employer has a copy of the Form W-4 originally filed by the employee wherein no SSN or an invalid SSN was provided).
- ▶ Following receipt of an IRS notice, the employer made an annual solicitation for the correct SSN. If another IRS notice is received in a subsequent year, a second annual solicitation is made. The annual solicitations must be made by December 31 of the year in which the penalty notices are received (or by January 31 of the following year if the notice is received during the preceding December). Solicitations may be made by mail, telephone, electronically or in person. A solicitation is not required if no reportable payments will be made to the employee in that year. The SSN provided by the employee in response to a solicitation must be used by the employer on Forms W-2 due subsequent to receipt of the corrected SSN.
- ▶ If the employer receives further IRS notices because of a missing or incorrect SSN after making two annual solicitations, the employer is not required to make further solicitations. The employer's initial and two annual solicitations demonstrate it acted responsibly before and after the failure, and documentation of these steps will establish reasonable cause under the regulations for any penalty to be abated.



Reciprocal agreements are generally not an automatic exemption from state nonresident income tax. Montana, like most states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who have completed the required exemption certificate.

**IRS resources for Form W-4 and employee estimated tax payments**

- ▶ [Tax Withholding Estimator](#)
- ▶ [Form W-4, Employee's Withholding Certificate](#)
- ▶ [Publication 505, Tax Withholding and Estimated Tax](#)
- ▶ [Estimated taxes](#)

Employers are potentially liable for state nonresident income tax withholding they fail to collect in the absence of these exemption certificates.

# Federal and state Form W-4 compliance in 2020

Continued

## Tip 7 Remember that US nonresident aliens are subject to special Form W-4 rules

All employees working in the US, including nonresident aliens (NRAs), are required to submit a completed and signed Form W-4 to the employer. The procedures that apply for completing the Form W-4 differ for employees who are US residents and those who are NRAs.

The following applies to NRAs:

- ▶ **Adjustment to taxable wages for standard deduction.** Nonresident aliens cannot claim the standard deduction. The benefits of the standard deduction are included in the existing wage withholding tables published in Publication 15-T. Because nonresident aliens may not claim the standard deduction, employers are instructed to withhold an additional amount from a nonresident alien's wages. For the specific amounts to be added to wages before applying the wage tables, see Publication 15-T. There are two tables within Publication 15-T for this purpose – one table for employees with Forms W-4 submitted before January 1, 2020 and another table for employees with Forms W-4 submitted on and after January 1, 2020.

Note that a special rule applies to nonresident alien students from India and business apprentices from India who are eligible for the benefits of Article 21(2) of the United States-India income tax treaty. Employers are not required to withhold an additional amount for the standard deduction from the wages of these individuals, as they may be entitled to claim the standard deduction. (See Publication 15-T and Publication 519 for more information.)

Refer your employees to [IRS Notice 1392](#) for more information.

## Tip 8 Be certain to obtain the applicable state nonresident certificate before excluding wages from income tax withholding

A reciprocal agreement may allow the employer to exclude the employee's wages from nonresident state income tax withholding. For example, Montana has a reciprocal agreement with North Dakota whereby North Dakota residents who are working in Montana are subject only to the North Dakota resident income tax withholding requirements. The exclusion doesn't apply unless the nonresident employee completes, signs and returns to the employer Form MW-4, [Montana Employees Withholding Allowance and Exemption Certificate](#).

Reciprocal agreements generally do not provide an automatic exemption from state nonresident income tax. Montana, like most states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who have completed the required nonresident certificate.

## Tip 9 File state withholding allowance certificates when and where required

Don't assume the federal Form W-4 is valid for state income tax withholding purposes. A substantial number of jurisdictions do not allow for use of the federal Form W-4 for designating withholding allowances and exemptions.

Prior to 2005, employers were required to submit copies of all Forms W-4 to the IRS on a quarterly basis in cases where the employee (1) claimed more than 10 personal allowances or (2) claimed to be exempt from withholding and normally earned more than \$200 per week. The IRS no longer requires the routine filing of Forms W-4. However, employers must submit copies of Forms W-4 for certain employees when the IRS requests them. When submitting copies of Forms W-4 to the IRS, you generally should complete boxes 8 and 10.

As of February 1, 2020, 28 state taxing authorities continue to require that copies of certain withholding allowance certificates be furnished to the state revenue department under certain conditions.

**Tip 10** Don't assume the federal Form W-4 is used for state income tax withholding purposes

For state income tax withholding purposes, the payroll system may default to the information provided on the federal Form W-4 if there is no comparable state (or local) form submitted.

This default approach to state (and local) income tax withholding is risky where a jurisdiction mandates the use of its own withholding allowance form.

For the Ernst & Young LLP February 2020 survey of state Form W-4 requirements, see page [24](#).

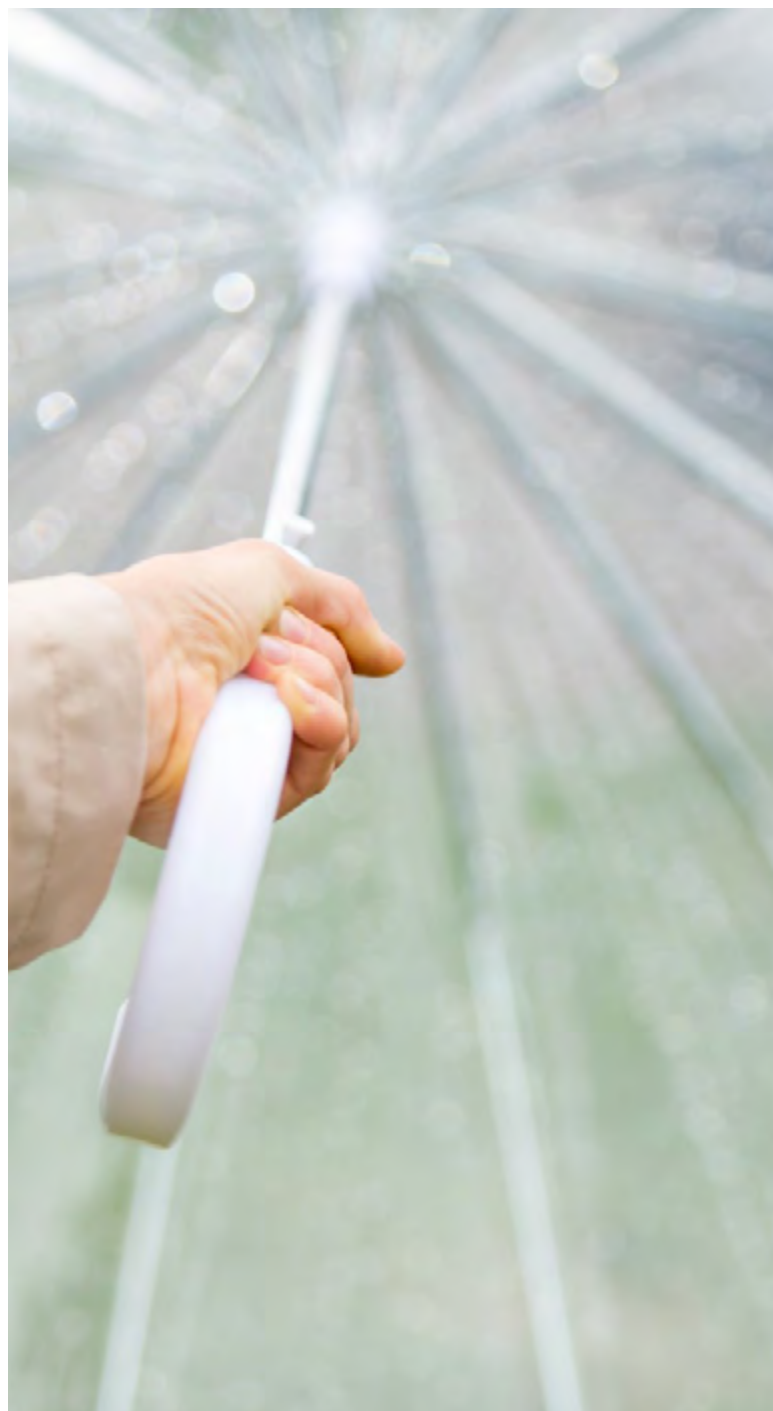
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Don't assume the federal Form W-4 is valid for state income tax withholding purposes. See the Ernst & Young LLP state survey on page [24](#).

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**Be cautious when employees claim exempt from withholding**

- ✓ While a Form W-4 claiming exemption from income tax withholding may be acceptable for federal purposes, keep in mind that it is prohibited in some states (e.g., Montana).
- ✓ To avoid underwithholding penalties, payroll policies and procedures should include the list of states where claiming exemption from income tax withholding is not allowed and steps the employer should take in that case.





# Federal and state Form W-4 compliance in 2020

Continued

## State Form W-4 survey

### State withholding allowance certificate requirements (March 2020)

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Alabama	<a href="#">Form A-4</a>	No	No	If employees claim more exemptions or dependents than an employer believes they are entitled to, a copy of the Form A-4 and a letter of explanation should be mailed to the Withholding Tax Section.
Alaska	N/A		N/A	N/A
Arizona	<a href="#">Form A-4</a>	Yes		None
Arkansas (Note exceptions for Texarkana, AK, and TX employees)	<a href="#">AR4EC</a>	No	No	None
California	<a href="#">DE-4</a>	Yes	Effective January 1, 2020, the Form DE 4 is required if: (1) the employee begins employment on or after January 1, 2020, or (2) employees are changing their California withholding allowances. In addition, if employees change their federal Form W-4 they will need to confirm if a Form DE 4 may also be necessary (e.g., to claim California personal allowances).	The Franchise Tax Board or the Employment Development Department (EDD) may, by special direction in writing, require an employer to submit a Form W-4 or DE 4 when such forms are necessary for the administration of the withholding tax programs.
Colorado	<a href="#">Federal Form W-4</a>	Yes	Yes. Employees complete the federal Form W-4 for both federal and Colorado wage withholding tax purposes. The Colorado Department of Revenue released a new withholding instruction worksheet that is mandatory for employers to use when an employee submits a 2020 federal Form W-4.	File with the Department of Revenue any Form W-4 for any employee who is expected to earn more than \$200 per week and who lists more than 10 withholding allowances or an exempt status. Submit copies along with a cover letter listing the employer name, address, FEIN and the number of withholding certificates included.

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Connecticut	CT-W4	Yes	No	Employers are required to file copies of Form CT-W4 with DRS for certain employees claiming "E" (no withholding is necessary). You must also must send copies of Forms CT-W4 from employees claiming exemption from Connecticut withholding if the employee is claiming exempt from withholding as of the last day of the quarter and you reasonably expect: (1) the annual wages of an employee whose filing status is filing separately will exceed \$36,000; (2) the annual wages of an employee whose filing status is single will exceed \$45,000; (3) the annual wages of an employee whose filing status is head of household will exceed \$57,000; or (4) the annual wages of an employee whose filing status is filing jointly or qualifying widow(er) with dependent child will exceed \$72,000. Note that each figure shown is three times the maximum personal exemption amount available to an employee per the Circular CT. Multiply the maximum personal exemption amount for the taxable year by a factor of three to determine if the Form CT-W4 of an employee must be sent to the state. Mail copies of Forms CT-W4 meeting these requirements to: Department of Revenue Services, P.O. Box 2931, Hartford CT 06104-2931

# Federal and state Form W-4 compliance in 2020

Continued

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Delaware	<a href="#">DE W-4</a>	No	Effective January 1, 2020, newly hired employees and those changing their withholding allowance information must use new Form DE W-4. <a href="#">See the SD/W-4A worksheet.</a>	Employers receiving withholding exemption certificates (Federal Form W-4 or DE W-4), are required to send a copy of such certificate to the Division of Revenue within five working days, providing that either of the following is claimed by an employee: (1) the total of allowances claimed for Delaware Personal Income Tax purposes on the certificate exceeds 14 or (2) the certificate indicated that the employee claims to be exempt from withholding of Delaware income tax and the employer reasonably expects the employee's wages to exceed \$168.50 per week.
District of Columbia	<a href="#">D-4</a>	No	No	Mail a copy of the form to the Department if 10 or more exemptions are claimed or if employer suspects the certificate contains false information.
Federal	<a href="#">W-4</a>	Yes	N/A	Submit copy of Form W-4 when requested by IRS.
Florida	N/A	N/A	N/A	N/A
Georgia	<a href="#">G-4</a>	No	Yes. Employers can use the federal election to determine state income tax withholding if sufficient information is available to do so. Otherwise, employers should withhold as if the employee were single with zero allowances. (O.C.G.A. §48-7-102.) If employee claims exemption on federal Form W-4, the employer may accept it for Georgia income tax withholding purposes if the certificate contains sufficient information.	Submit copy of G-4 to Department of Revenue if employee claims over 14 allowances or exempt from withholding. Complete Line 9 of G-4. The Department will no longer issue written correspondence for any Form G-4 submissions received unless the certificate should not be honored.

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Hawaii	HW-4	No	No	Submit a copy of the HW-4 to the state if you believe that an employee has claimed excess allowances for their situation (generally more than 10) or misstated their marital status.
Idaho	ID W-4	Yes	Yes	Employers should send a copy of the ID W-4 of any employee it suspects is claiming the wrong number of allowances. Mail the ID W-4 to: TDB/Withholding Idaho State Tax Commission, P.O. Box 36, Boise, ID 83722-0410.
Illinois	IL-W-4	No	No. To assure proper tax withholding, all employees are required to complete an Employee's Withholding Certificate, Form W-4, for federal withholding, and Employee's Illinois Withholding Allowance Certificate, Form IL-W-4, for state withholding.	Mail a copy of the form to the Department if: (1) the certificate claims more withholding exemptions than the simultaneously effective federal withholding certificate; (2) the certificate claims in excess of 14 exemptions; and (3) the employer has no obligation to submit a simultaneously effective federal certificate to the Internal Revenue Service under 26 CFR 31.3402(f)(2)-1(g). (86 Ill. Adm. Code 100.7110)
Indiana	WH-4	No	No	None
Iowa	IA W-4	Yes	No	Mail a copy of the form to the Department if an employee claims more than 22 withholding allowances or an exemption from withholding when wages are expected to exceed \$200 per week.



# Federal and state Form W-4 compliance in 2020

Continued

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Kansas	K-4	No	No. Employees hired on or after January 1, 2008, must use Kansas Form K-4. Employees hired before January 1, 2008, are not required to fill out Kansas Form K-4 unless they wish to adjust their withholding.  If an employee hired before January 1, 2008, wishes to adjust Kansas withholding anytime after January 1, 2008, the employee will be required to complete the Kansas K-4 Form.	None
Kentucky (Exception applies to nonresidents at Fort Campbell, Kentucky, military bases)	K-4	No	No	None
Louisiana	L-4	No	No	Mail a copy of the form to the Department if the employer believes the employee has claimed too many exemptions or dependency credits.

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Maine	W-4ME	No	No	<p>Mail a copy of the form to the Department if: (1) the employer is required to submit a copy of the federal Form W-4 to the IRS; or (2) the employee performing personal services in Maine furnishes a Form W-4ME to the employer containing a non-Maine address and for any reason claims no Maine income tax is to be withheld. This submission is not required if the employer reasonably expects that the employee will earn annual Maine-source income of less than \$5,000 or if the employee is a nonresident working in Maine for no more than 12 days for the calendar year and is, therefore, exempt from Maine income tax withholding pursuant to MRS Rule 803 Section 3.1.1.1.</p>
Maryland	MW507	No	No	<p>A copy of MW507 must be mailed to the Department if:</p> <ol style="list-style-type: none"> <li>1. You have any reason to believe this certificate is incorrect.</li> <li>2. The employee claims more than 10 exemptions.</li> <li>3. The employee claims an exemption from withholding because he/she had no tax liability for the preceding tax year, expects to incur no tax liability this year and the wages are expected to exceed \$200 a week.</li> <li>4. The employee claims an exemption from withholding on the basis of nonresidence.</li> <li>5. The employee claims an exemption from withholding under the Military Spouses Residency Relief Act.</li> </ol>

# Federal and state Form W-4 compliance in 2020

Continued

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Massachusetts	M-4	No	<p>No, effective January 1, 2020.</p> <p>(1) New employees as of January 1, 2020, will complete both the Massachusetts Form M-4 and the new IRS Form W-4. The Form W-4 can no longer be used as a substitute for the Form M-4.</p> <p>(2) Current employees do not have to do anything unless they want to adjust their withholdings. If an employee wants to revise withholdings, they should complete both the Form M-4 and the new IRS Form W-4.</p>	Mail a copy of the form to the Department if the employee is believed to have claimed excessive exemptions.
Michigan	MI-W4	No	No	Mail a copy of the form to the Department if an employee claims 10 or more exemptions or claims exempt from withholding tax.
Minnesota	W-4MN	Yes	Yes. However, effective January 1, 2020, the 2020 federal Form W-4 will not compute allowances for determining Minnesota withholding tax. All employees who complete a 2020 Form W-4 must also complete Form W-4MN for the employer to determine their Minnesota withholding tax.	Mail a copy of the form to the Department if the employee claims more than 10 Minnesota withholding allowance; claims to be exempt from Minnesota withholding and you reasonably expect the wages to exceed \$200 per week except if the employee is a resident of a reciprocity state and has completed Form MWR; you believe the employee is not entitled to the number of allowances claimed. An employer may be assessed a \$50 penalty for each required Form W-4MN not filed with the department.
Mississippi	89-350	No	No	Mail a copy of the form to the Department if the employee is believed to have claimed excess exemption.
Missouri	MO W-4	Yes	No	None

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Montana	MW-4	No	No. Employees hired after January 1, 2019, and those who wish to claim exempt from Missouri state income tax withholding are required to file Form MW-4. The current Form W-4 should not be used for Montana income tax withholding.	File the employee's Form MW-4 with the Department of Revenue only if: (1) the employee is claiming more than 10 allowances, or (2) the employee is claiming one of the withholding exemptions listed in Section 2. Submit these forms to the department by the last day of the payroll period in which the form was received.
Nebraska	Form W-4N	No	No, effective January 1, 2020 The Federal Form W-4 is allowed for Nebraska state income tax withholding purposes only if completed and submitted to the employer prior to January 1, 2020. On and after January 1, 2020, a Form W-4N must be submitted along with any change to the federal Form W-4.	No provision
Nevada	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A
New Jersey	NJ-W4	No	Yes. Use Form NJ-W4 to declare different withholding information for state purposes.	Required only if requested by the Department.
New Mexico	W-4	Yes	Yes. If federal and New Mexico withholding requirements differ, employees complete a federal Form W-4 for New Mexico, writing "For New Mexico State Withholding Only" across the top in prominent letters.	None



# Federal and state Form W-4 compliance in 2020

Continued

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
New York	<a href="#">IT-2104</a>	Yes	Yes. If an employee does not submit state Form IT-2104, the employer may use the same number of allowances claimed on the federal Form W-4. However, due to differences in tax law this may result in the wrong amount of tax withheld for New York State, New York City and Yonkers.	Mail a copy of the form to the Department if the employee has claimed more than 14 allowances. Mark an X in box a and send a copy of Form IT-2014 to the Department. The due dates for submitting certificates are shown in the Form IT-2104 instructions.
North Carolina (US nonresident aliens must complete NC-4 NRA)	<a href="#">NC-4</a>	No	No	Mail a copy of the form to the Department if you believe that the amount of allowances claimed by an employee is greater than the amount to which such employee is entitled. Also submit copies of any certificates (Form NC-4, Form NC-4 EZ or Form NC-4 NRA) on which the employee claims more than 10 withholding allowances or claims exemption from withholding and the employee's weekly wages would normally exceed an amount equal to the North Carolina standard deduction for an individual with a filing status of single divided by 52. For example, for tax year 2019, the weekly wage amount was \$192 (standard deduction for single individual is \$10,000 divided by 52 = \$192). Retain the original certificate in your files.

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
North Dakota	W-4	Yes	Yes. North Dakota has no state Form W-4 equivalent. If withholding is based on a Form W-4 from before 2020, use the methods and tables in Section 1 of the North Dakota withholding booklet. If withholding is based on the new 2020 Form W-4 or if a newly hired employee has not submitted a Form W-4, use the methods and tables in Section 2 of the ND withholding booklet.	Mail a copy of the form to the Department if the IRS requires mailing of Form W-4.
Ohio	IT-4	No	No	Employers receiving an improperly completed Form IT-4 should forward a copy to the Ohio Department of Taxation and withhold Ohio personal income tax without exemption until the employee completes and submits a properly completed Form IT-4. For more information on determining an improper Form IT-4, see Information Release IT 2001-01.
Oklahoma	OK-W-4	No	No. As of March 1, 2018, Oklahoma created a state form OK-W-4. Employees who submitted federal Form W-4 prior to March 1, 2018, need not submit the state form unless changes are needed.	None

# Federal and state Form W-4 compliance in 2020

Continued

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Oregon	OR-W-4	Yes	<p>No, effective January 1, 2020 if:</p> <ul style="list-style-type: none"> <li>▸ The individual is a new employee, an employee claiming exempt from state withholding and an employee making changes to their withholding allowances.</li> <li>▸ Employees who have submitted a 2019 or prior version of federal Form W-4 for Oregon and federal withholding purposes, and who submit a 2020 or later version of the federal Form W-4 must also submit the OR W-4.</li> </ul>	<p>Send a copy of the form to the Department within 20 days of the date filed if the employee claims any of the following:</p> <ul style="list-style-type: none"> <li>▸ More than 10 withholding allowances on Form OR-W-4.</li> <li>▸ An exemption from withholding and their income is expected to exceed \$200 per week for state purposes.</li> <li>▸ Exempt for Oregon withholding, but not exempt for federal withholding. (OAR 150-316-0290.)</li> </ul>
Pennsylvania	<p>Pennsylvania has no equivalent to the federal Form W-4. Personal exemptions, standard deductions or dependent credits are not allowed. Rev.-419 is used to claim exemption from withholding.</p>	N/A	N/A	<p>A copy of Form REV-419 must be submitted to the Department when: (1) you have reason to believe this certificate is incorrect; (2) the PA taxable gross compensation of any employee who claimed exemption from nonwithholding exceeds \$1,625 for any quarter; (3) the employee claims an exemption from withholding on the basis of residence in a reciprocal state (Indiana, Maryland, New Jersey, Ohio, Virginia or West Virginia) and therefore, you agree to withhold income tax of the employee's state of residence; and (4) the employee claims an exemption from withholding under the SCRA as amended by the Military Spouses Residency Relief Act. Department's Responsibility.</p>

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Rhode Island	<a href="#">RI W-4</a>	Yes	Yes, but effective January 1, 2020, employers must require that new employees, and those current employees wishing to change their state withholding, complete state Form RI W-4 in addition to federal Form W-4. The employer can no longer rely on the federal Form W-4 for computing the Rhode Island withholding for employees. Employees electing additional federal withholding may also elect additional Rhode Island withholding by adjusting Form RI W-4. The Department suggests that employers also have current employees complete Form RI W-4 if the employee does not already have one on file.	Submit copies of RI W-4 upon request of the Department.
South Carolina	<a href="#">SC W-4</a>	Yes	No, effective in 2020: South Carolina employees only need to submit the 2020 SC W-4 if: <ul style="list-style-type: none"> <li>▸ They start a new job on or after January 1, 2020.</li> <li>▸ They want to make changes to their W-4 on or after January 1, 2020.</li> <li>▸ They claimed exempt from South Carolina withholding in 2019.</li> </ul>	Employers should submit a copy of the 2020 SC W-4 to the SCDOR if: <ul style="list-style-type: none"> <li>▸ The employee has 10 or more allowances or</li> <li>▸ They believe that any part of the employee's SC W-4 is fraudulent.</li> </ul>



# Federal and state Form W-4 compliance in 2020

Continued

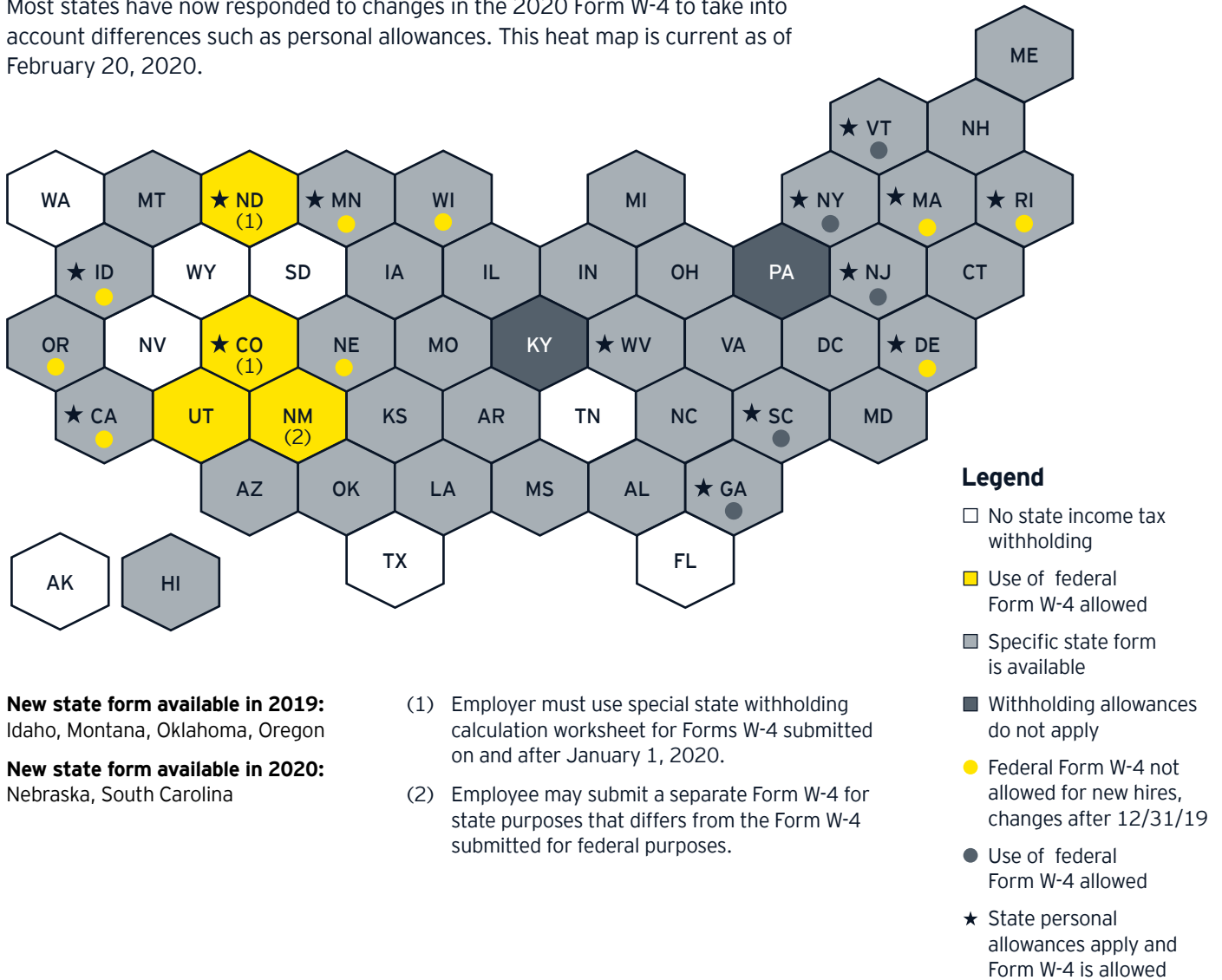
State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
South Dakota	N/A	N/A	N/A	N/A
Tennessee	N/A	N/A	N/A	N/A
Texas	N/A	N/A	N/A	N/A
Utah	W-4	Yes	Yes	None
Vermont	W-4VT	No	Yes. Use Form W-4 if no W-4VT is on file. The Department encourages employees to complete a separate Form W-4T to ensure that proper Vermont withholding occurs. If the Federal Form W-4 indicates an additional amount of Federal withholding for each pay period on Line 6 or Step 4 (effective in 2020), the Vermont withholding should be increased to 30% of the extra federal withholding.	None
Virginia	VA-4	No	No	Mail a copy of the form to the Department if you believe the employee has claimed too many exemptions.
Washington	N/A	N/A	N/A	N/A
West Virginia	WV/B17IT-104	No	Yes (W. Va. Code § 11-21-71 (b).)	Mail a copy of the form to the Department if employee has claimed an "excessive" number of allowances (Code of State Rules §110-21-71 2.2).

State	State withholding allowance certificate form number	State withholding allowance certificate revised annually by Department of Revenue?	Use of federal Form W-4 allowed for state income tax withholding?	Requirement for mailing withholding certificate to taxing authority
Wisconsin	WT-4	No	No, effective January 1, 2020: The following applies for Wisconsin withholding tax purposes beginning in 2020: (1) All newly-hired employees must provide Form WT-4 to their employer. (2) Existing employees who change the number of their Wisconsin withholding exemptions must provide Form WT-4 to their employer. (3) Existing employees are not required to provide Form WT-4 to their employer (unless the employer requests it) if the employee wishes to maintain the same number of Wisconsin withholding exemptions used in 2019.	If employees have claimed more than 10 allowances or have claimed complete exemption from withholding and earn more than \$200 a week or are believed to have claimed more allowances than they are entitled to, mail a copy of this certificate to the Department.
Wyoming	N/A		N/A	N/A

## Form W-4 overhaul for 2020

### State income tax withholding impact

Most states have now responded to changes in the 2020 Form W-4 to take into account differences such as personal allowances. This heat map is current as of February 20, 2020.



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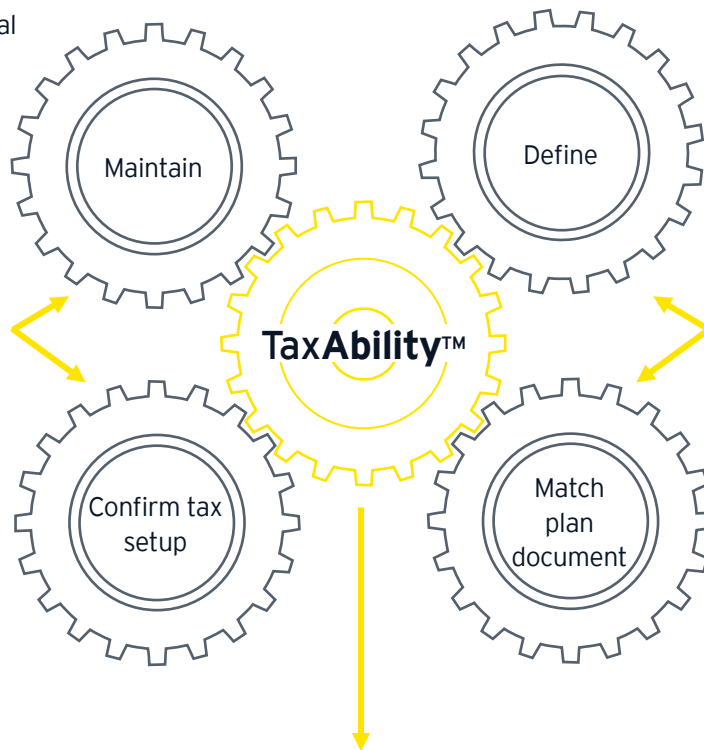
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