Title: IRS Revised Form W-4 for 2020 Employee Withholding – Effective January 1, 2020

The IRS has announced significant improvements to IRS Form W-4, Employee’s Withholding Certificate, for 2020.

The new Form W-4 reflects tax code changes ushered in by the 2017 Tax Cuts and Jobs Act. Unlike the current Form W-4, the revised form no longer considers withholding allowances, which were tied to personal exemption. It also replaces complicated worksheets with more straightforward questions.

Key points to the revision are:
- After 2019, new hires must use the 2020 Form W-4.
- Current employees are not required to submit a new Form W-4; withholding will continue based on the most recent Form W-4 that the employee submitted.
- Only Steps 1 and 5 are required (name, address, filing status and signature).
- Steps 2, 3 and 4 generally permit adjustments to withholding to compensate for two-earner householders, other income, tax credits or deductions. These steps are optional but may result in more accurate withholding.
- There is still the option to withhold an additional amount per-paycheck.

Even though the IRS does not require employees to complete the revised form and even if your tax situation has not changed, we recommend you perform a “paycheck checkup” to see if you need to make adjustments to your current withholding. To conduct the checkup, you can use the IRS’s Tax Withholding Estimator (www.irs.gov/W4App). To effectively use the estimator, it is helpful to have a copy of your most recent pay stub and tax return. It is likely that the estimator will be updated to account for the 2020 tax tables in early January. Please note: if you do not submit a new form, withholding will continue based on your previously submitted form.

The IRS has published Frequently Asked Questions that you may find helpful as you complete the form (https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4).