



FAQs on the 2020 Form W-4

General FAQs

✓ 1. Why redesign Form W-4?

The new design reduces the form's complexity and increases the transparency and accuracy of the withholding system. While it uses the same underlying information as the old design, it replaces complicated worksheets with more straightforward questions that make accurate withholding easier for employees.

✓ 2. What happened to withholding allowances?

Allowances are no longer used for the redesigned Form W-4. This change is meant to increase transparency, simplicity, and accuracy of the form. In the past, the value of a withholding allowance was tied to the amount of the personal exemption. Due to changes in law, currently you cannot claim personal exemptions or dependency exemptions.

✓ 3. Are all employees required to furnish a new Form W-4?

No. Employees who have furnished Form W-4 in any year before 2020 are not required to furnish a new form merely because of the redesign. Employers will continue to compute withholding based on the information from the employee's most recently furnished Form W-4.

Employee FAQs

✓ 4. My tax situation is simple. Do I have to complete all of the steps?

No. The form is divided into 5 steps. The only two steps required for all employees are Step 1, where you enter personal information like your name and filing status, and Step 5, where you sign the form. Complete Steps 2 - 4 only if they apply to you. Doing so will make your withholding more accurately match your liability.

✓ **5. What happens if I only fill out Step 1 and then sign the form?**

Your withholding will be computed based on your filing status's standard deduction and tax rates, with no other adjustments.

✓ **6. When should I increase my withholding?**

You should generally increase your withholding if:

- you hold more than one job at a time or you and your spouse both have jobs (Step 2) or
- you have income from sources other than jobs or self-employment that is not subject to withholding (Step 4(a)).

If you do not make adjustments to your withholding for these situations, you will very likely owe additional tax when filing your tax return, and you may owe penalties. For income from sources other than jobs, you can pay estimated tax instead of having extra withholding.

➤ **7. When should I decrease my withholding?**

✓ **8. I want a refund when I file my tax return. How should I complete the redesigned Form W-4?**

The redesigned Form W-4 makes it easier for you to have your withholding match your tax liability. But if you prefer to have more tax than necessary withheld from each paycheck, you will get that money back as a refund when you file your tax return (keep in mind though you do not earn interest on the amount you overpay). The simplest way to increase your withholding is to enter in Step 4(c) the additional amount you would like your employer to withhold from each paycheck. Note, even if you don't have any income tax withheld from your wages, you may get a refund if you are eligible for tax credits such as the Earned Income Credit, the Additional Child Tax Credit, or American Opportunity Credit.

➤ **9. Why do I need to account for multiple jobs (Step 2)? I have never done that before.**

- **10. Which option in Step 2 should I use to account for my multiple jobs? Which is most accurate? What if I don't want to reveal to my employer on my W-4 that I have a second job?**
- **11. The instructions above Step 3 say that in multiple job households, adjustments in Steps 3 – 4b are to be made on only one form, and that withholding will be most accurate if the adjustments are made on the W-4 for the highest paying job. But what happens if pay at two jobs is relatively similar or if changes in pay over time result in another job becoming the highest paying?**
- **12. What if I have side work where I'm not treated as an employee?**
- **13. What if I don't want to reveal the amount of my non-job income, such as income from earnings on investments or retirement income, on my Form W-4 (Step 4 (a))?**
- **14. Is there a computer program I can use to help me complete Form W-4?**

Employer FAQs

- **15. Are new employees first paid after 2019 required to use the redesigned form?**
- **16. How do I treat new employees first paid after 2019 who do not furnish a Form W-4?**
- **17. What about employees paid prior to 2020 who want to adjust withholding from their pay dated January 1, 2020, or later?**
- **18. May I ask all of my employees paid before 2020 to furnish new Forms W-4 using the redesigned version of the form?**
- **19. Will there still be an adjustment for nonresident aliens?**
- **20. When can we start using the new 2020 Form W-4?**