

## An Employee's Guide To the Federal W-4

### Step 1: Enter Personal Information

You will need to fill out your basic information: 1) Name; 2) Social Security number; 3) Address; 4) City/town, state, and 5) ZIP code) Filing status.

Form <b>W-4</b> Department of the Treasury Internal Revenue Service	<b>Employee's Withholding Certificate</b> ▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.		OMB No. 1545-0074  <b>2020</b>
<b>Step 1: Enter Personal Information</b>	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to <a href="http://www.ssa.gov">www.ssa.gov</a> .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly (or Qualifying widow(er)) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Below the personal information fields in Step 1, there are Steps 2 through 4. These steps will probably not apply to you if you are single with only one job, or you are married and your spouse does not work.

### Step 2: Multiple Jobs or Spouse Works

This section is similar to the "Two Earners/Multiple Jobs Worksheet" from prior W-4 forms.

Checking box 2(c) tells your employer you have multiple jobs in your household. If you do not want your employer to know this, do not check the box.

**Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5.** See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

<b>Step 2: Multiple Jobs or Spouse Works</b>	Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do <b>only one</b> of the following. <b>(a)</b> Use the estimator at <a href="http://www.irs.gov/W4App">www.irs.gov/W4App</a> for most accurate withholding for this step (and Steps 3-4); <b>or</b> <b>(b)</b> Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; <b>or</b> <b>(c)</b> If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . . . . ▶ <input type="checkbox"/>  <b>TIP:</b> To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.
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**Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

In this step, the form indicates workers with multiple jobs should complete Form W-4 with the information from their highest-paying job. That should result in the most accurate withholding.

If you work more than one job, steps 3 through 4b should only be completed on one W-4 form, not on the one you complete for each employer.

**Step 3: Claim Dependents**

This section determines eligibility for the child tax credit. It is an easy step to complete.

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

The rules changed so more people qualify for the child tax credit. Single taxpayers with an income of \$200,000 or less (\$400,000 if married filing jointly) will be eligible.

The number of qualifying children under age 17 times \$2,000 goes into the first box. The number of other dependents multiplied by \$500 goes in the second box. The sum of those two numbers goes on Line 3.

**Step 4: Other Adjustments**

This section is for various things you may want to account for in your calculations.

<b>Step 4 (optional): Other Adjustments</b>	(a) <b>Other income (not from jobs).</b> If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . .	<b>4(a)</b>	\$
	(b) <b>Deductions.</b> If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . .	<b>4(b)</b>	\$
	(c) <b>Extra withholding.</b> Enter any additional tax you want withheld each pay period . . . . .	<b>4(c)</b>	\$

These areas include:

- (a): Other income (not from jobs). Additional income that might not be subject to withholding, like rental income, dividends or retirement income.
- (b): Deductions. Itemized deductions such as mortgage interest and charitable contributions that will exceed your standard deduction
- (c): Extra withholding. Any extra withholding that you would like to withhold each pay period.

**Step 5: Sign the form**

Keep in mind if you do not sign the form, it is invalid. That means your employer must disregard your new W-4 selections and withholding, and instead calculate your withholding as “Single” just as though you never completed the form.

**New worksheets on Form W-4**

The new 2020 Form W-4 has only two worksheets, one less worksheet than the 2019 form.

**Multiple Jobs Worksheet**

If you choose option b in Step 2, you need to complete the Multiple Jobs worksheet. This worksheet is not as accurate as the tax estimator. However, it provides the maximum amount of privacy.

**Line 1**

Line 1 is for anyone who has two jobs or is filing jointly with a spouse who also works.

Using the tables on page four, find the wages or salary for the Higher Paying Job in the column on the left (see below). Cross reference it with the amount of wages or salary from the Lower Paying Job in the other columns.

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

At the intersection of these two amounts is the figure you will enter on line 1. Be sure you are using the correct table. Choose the one that fits your filing status.

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



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

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

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

**Line 2**

Line 2 is for someone who has three jobs on their own or with a spouse.

Line 2a is for the two highest-paying jobs. Find the wages or salary for the highest-paying job in the column on the left and the wages or salary for the second-highest across the top. The amount at the intersection of those two figures goes on line 2a.

For line 2b, the pay for the two highest-paying jobs are added together and found in the column on the left. Wages and salaries for the third job are found in the row across the top of the table. The amount at the intersection of those two figures goes on line 2b. The sum of lines 2a and 2b goes on line 2c.

**Line 3**

Line 3 is the number of pay periods per year for the highest-paying job. For example, if that job pays bi-weekly, then 26 goes on line 3.

**Line 4**

Line 4 divides the amount on either line 1 or 2c by the number of pay periods on line 3. It is the amount provided in step 4c.

## Deductions worksheet

The deductions worksheet is for anyone itemizing deductions. Since the tax change increased the standard deduction, fewer people itemize deductions. Many high-earners will still itemize.

For 2020, if you believe your itemized deductions will exceed \$12,200 (if you are single or married filing separately), \$24,400 (if you're married filing jointly), or \$18,350 (if you're the head of household), it may benefit you to fill out the deductions worksheet.

**Step 4(b)—Deductions Worksheet** *(Keep for your records.)* 

<b>1</b>	Enter an estimate of your 2020 itemized deductions (from Schedule A (Form 1040 or 1040-SR)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income . . . . .	<b>1</b>	\$ _____
<b>2</b>	Enter: $\left\{ \begin{array}{l} \bullet \$24,800 \text{ if you're married filing jointly or qualifying widow(er)} \\ \bullet \$18,650 \text{ if you're head of household} \\ \bullet \$12,400 \text{ if you're single or married filing separately} \end{array} \right\}$ . . . . .	<b>2</b>	\$ _____
<b>3</b>	If line 1 is greater than line 2, subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-" . . .	<b>3</b>	\$ _____
<b>4</b>	Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040 or 1040-SR)). See Pub. 505 for more information . . . . .	<b>4</b>	\$ _____
<b>5</b>	<b>Add</b> lines 3 and 4. Enter the result here and in <b>Step 4(b)</b> of Form W-4 . . . . .	<b>5</b>	\$ _____

Anyone filling out this worksheet should have their prior-year tax return handy to get an idea of what those deductions could be for the current year.

## Should I fill out a new W-4?

It depends. Here is a list of questions to ask yourself:

- Are you married? If yes, does your spouse work?
- Do you or your spouse have a second job?
- Do you have any new dependents?
- Is there a chance that you will not use the standard deduction?
- Did you get a large tax bill or have a large refund last year?

If you answer "Yes" to any of those questions, then we recommend revisiting your W-4. If you were hired in 2020, then you need to complete the new W-4.

You can also refer to the new *W-4 Frequently Asked Questions* published by the IRS, which provides further guidance on whether you should adjust your W-4 elections for 2020.

## Welcome to the new tax-withholding estimator

Some of you are not thrilled with the idea of all this work. To make it easier on you, check out the IRS's new withholding estimator: <https://www.irs.gov/individuals/tax-withholding-estimator>

Anyone using the estimator must be prepared with similar information requested on the W-4 worksheets.

If you use the estimator, have the following:

- Your most recent pay stub. It includes the amount of federal income tax withheld so far in 2020.
- A completed copy of your most recent tax return. It helps with estimating income and other items for 2020.

The withholding estimator calculates an approximation of what someone's tax liability will be for their tax return, and whether their current withholding is enough to meet that obligation. Depending on a person's situation, this information may lead them to make changes to their W-4.

A final note: The IRS recommends certain taxpayers check their withholding. They are:

- Two-income families.
- People with two or more jobs at the same time or who only work for part of the year.
- People with children who claim credits like the child tax credit.
- People who itemized deductions in the previous tax year.
- People with high incomes and more complex tax returns.

Finally, if you fill out a new W-4, be sure to submit it as soon as possible in 2020. You will want the adjustments to take effect sooner rather than later, so the right amount of taxes are withheld from your paycheck for as much of the year as possible.