

Office of Operations, DTA
Tax Administration
PUG Training Presentation
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2019 Year End Processing and Introduction to 2020 Form W-4

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TOPICS

- OSC Process for Year End Processing – Form W-2, Credit Letters, Manual W-2s, 1099-Misc., and 1042-S.
- Requirements for creating Tax Statements
- Information needed to produce the Tax Statements
- Sources of information
- Agency Responsibilities
- Use of information
- Production of Tax Statements
- Updates
- 2020 Form W-4 & Examples
- Comparison between Form W-4s



YEAR END PROCESSING

- Each year's process starts with creating a project plan, listing each task, the requirement date(s), and the production date(s).
 - Typical plan covers the period of July to early March and usually contains approximately 200 tasks.
 - Year end kick-off meeting begins the process.
 - Meetings are scheduled with Systems Support Group (SSG), Chief Information Office (CIO) and other partners.
 - Project Plan is created.
 - Tasks needed to produce Year End Statements are identified and listed.



Requirements for Form W-2

- The Internal Revenue Service (IRS) requires employers to file a Form W-2 (Wage and Tax Statement) if:
 - Employee is paid \$600 or more in wages, even if there are not any taxes withheld, or
 - Income, social security or Medicare tax were withheld, regardless of the amount of wages paid, or
 - Income tax would have had to be withheld if no more than 1 Withholding allowance or employee failed to claim an exemption from withholding.



OTHER TAX STATEMENTS

- W-2s for retirees with imputed income (prepared outside of PayServ).
- Employers are required by the IRS to issue Credit Letters to employees who repay any amount of a prior year's overpayment of wages in the current year. Corrected W-2s are subsequently issued but only to correct Social Security and Medicare wages and taxes.
- IRS also requires employers to issue a Form 1099-Misc. if we have paid at least \$600 to an individual or estate.
- IRS requires every withholding agent to file an information return of Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding) to report amounts paid to a foreign person (Nonresident Alien) during a preceding tax year. Filing must occur even if you do not withhold.



INFORMATION NEEDED TO PRODUCE TAX STATEMENTS

- Accurate Social Security Numbers, employee names and addresses.
- Taxable Income
- Reportable Income
- Fringe Benefits (EDA, CLEFR, PEV)



SOURCES OF INFORMATION

Data Gathering

- PayServ
- Account Ability (manual W-2s & 1099-Misc.)

Data Collection from our Business Partners

- MetLife
- Department of Civil Service
- GOER
- Unions



SOURCES OF INFORMATION

Monitoring pertinent websites

- Internal Revenue Service (IRS)
- Social Security Administration (SSA)
- New York State Taxation and Finance
- Other State Taxing Authorities



AGENCY RESPONSIBILITIES

- Validate Data
- Correct bad Social Security Numbers
- Obtain Missing Social Security Numbers
- Update employee home addresses
- Correct Local Wage (NYC) and Tax Reporting
- Review Control-D Reports, such as:
 - NPAY752 – Social Security Name and Number Verification
 - NPAY529 – Agency Return Address Listing
 - NPAY758 – Educational Assistance payments



USE OF INFORMATION

- Maintained in Payroll System
- Populate Boxes on Tax Statements
- Reported to Social Security Administration
- Internal Revenue Service comparison with Employee Income Tax Returns
- Reported to Other State Taxing Authorities



PRODUCTION OF TAX STATEMENTS YEAR-END PAPER – TURN THIS



INTO THIS!

Copy C-For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.)

OMB No. 1545-0008

Dept. of the Treasury - IRS
Visit the IRS website at www.irs.gov/efile.

Form **W-2 Wage and Tax Statement** **2015**

c Employer's name, address, and ZIP code

CITY UNIVERSITY OF NEW YORK
535 EAST 80TH ST.
NEW YORK, NY 11112

e Employee's name, address, and ZIP code

JOE M. PLOYEE
1122 MAIN ST.
NEW YORK, NY 11112

		7 Social security tips	1 Wages, tips, other compensation 97,490.41	2 Federal income tax withheld 12,454.63	
		8 Allocated tips	3 Social security wages 105,258.24	4 Social security tax withheld 4,420.85	
		9	5 Medicare wages and tips 105,258.24	6 Medicare tax withheld 1,526.24	
		10 Dependent care benefits	11 Nonqualified plans	12a E 17,500.00	
		13 <small>Statutory employee</small> <small>Retirement plan</small> X <small>Third-party sick pay</small>	14 Other IRC125 202.26	12b DD 16,613.93	
		b Employer identification number (EIN) 13-3893536		12c	
		a Employee's social security number 000-00-0000		12d	
15 State NY	Employer's state ID number	16 State wages, tips, etc. 97,490.41	17 State income tax 5,361.76	18 Local wages, tips, etc. 97,9490.41	19 Local income tax 2,5550.00
				20 Locality name NYC	



UPDATES – HOW??

Bulletins and BBMs:

- Personal Use of Employer Provided Vehicles (#1764)
- Verification Agency Return Address (#1767)
- Taxable Expense
- Verification of Employee Social Security Numbers and Names
- Certification Licensure Exam Reimbursement Fee
- Educational Assistance
- Prepaid Legal – CUNY & UCS
- Electronic W-2 Consent (Paper Opt-out)



UPDATES – HOW??

Bulletins and BBMs (cont'd)

- Retirement Plan Checkbox on Form W-2
- Imputed Income
- New – Form W-4 once the final version is issued by IRS
- Form W-2 (Wage and Tax Statement) for Tax Year 20XX
- Tax Changes for the following year
- Form 1042 Content

- **Watch the PayServ Bulletin Board for notices regarding:**
 - Issuance of W-2, 1042-S, and W-2c statements
 - Temporary halt to certain activities due to year end (e.g., W-2c issuance, EmplID combines, Electronic W-2 opt out)
 - Reminders for required agency actions by certain due dates (e.g., Educational Assistance & PEV amounts in Time Entry, AC3206 checkbox)



2020 FORM W-4

- The 2020 Form W-4 has been redesigned to reduce complexity and improve accuracy within the withholding system. It is in draft form now with final version expected in November.
- The new approach uses annual amounts instead of allowances.
- Employees can claim Head of Household status in addition to Single and Married Filing Joint.
- Form is optional for employees hired before 2020 who do not want to make any changes to their withholding impacting their pay as of 1/1/2020.
- Form is mandatory for the following:
 - New hires after 2019;
 - Existing employees who want to make changes to their withholding impacting their pay after 2019.
 - Existing employees who want to claim exemption from Federal income tax withholding in 2020.



2020 FORM W-4

Form W-4 Employee's Withholding Certificate OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

2020

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.

Step 1: Enter Personal Information

(a) First name and middle initial Last name Social security number

Address

City or town, state, and ZIP code

(c) Single or Married filing separately
 Married filing jointly (or Qualifying widow(er))
 Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-792-6212 or go to www.ssa.gov.

Complete Steps 2 through 4 ONLY if they apply to you. To see if you are exempt from withholding or if you have concerns about your privacy, see page 2. Everyone must complete Step 5. See instructions on page 2.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding; or
 (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or
 (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

CAUTION: If you have privacy concerns, choose (a) or (b). If you and/or your spouse have income from self-employment, including as an independent contractor, choose (a).

Complete Steps 3 through 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 through 4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$

Multiply the number of other dependents by \$500 ▶ \$

Add the amounts above and enter the total here 3 \$

Step 4 (optional): Other Adjustments

(a) **Other income.** 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. You should not include income from any jobs 4(a) \$

(b) **Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here 4(b) \$

(c) **Extra withholding.** Enter any additional tax you want withheld each pay period 4(c) \$

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it) Date

Employers Only

Employer's name and address First date of employment Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 102200Q Form W-4 (2020)

Form W-4 (2020)

Page 3

Multiple Jobs Worksheet (Keep for your records.)

Use this worksheet if you choose the option in Step 2(b) on Form W-4. Complete this worksheet for only one of the jobs in the household and enter the result on the Form W-4 for that job. Withholding will be most accurate if you 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 \$99,000 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.

1 Two jobs. If you have two jobs or you're married filing jointly and your spouse also works, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, skip to line 3 1 \$

2 Three jobs. If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.

a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a 2a \$

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 on line 2b 2b \$

c Add the amounts from lines 2a and 2b and enter the result on line 2c 2c \$

3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. 3

4 Divide the annual amount on line 1 or line 2c by the number of pay periods on line 3. (You may round this to the closest whole dollar amount.) Enter this amount here and in Step 4(c) of Form W-4 for the highest paying job (along with any other additional amount you want withheld) 4 \$

Deductions Worksheet (Keep for your records.)

1 Enter an estimate of your 2020 itemized deductions. Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 10% of your income 1 \$

2 Enter: $\left\{ \begin{array}{l} \bullet \$XX,XXX \text{ if you're married filing jointly or qualifying widow(er)} \\ \bullet \$XX,XXX \text{ if you're head of household} \\ \bullet \$XX,XXX \text{ if you're single or married filing separately} \end{array} \right\}$ 2 \$

3 If line 1 is greater than line 2, subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-" 3 \$

4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments. See Pub. 505 for more information 4 \$

5 Add lines 3 and 4. Enter the result here and in Step 4(b) of Form W-4 5 \$

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We also may disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.



2020 FORM W-4

- Divided into 5 steps, with step 1 and 5 mandatory. Steps 2-4 are optional adjustments that will impact the amount of taxes withheld based on the individual EE's personal tax situation.
 - Step 2 – Multiple jobs (Single & >1 job or MFJ & both work)
 - Step 3 – Claiming dependents
 - Step 4 – Other Adjustments



2020 FORM W-4

- NRAs will have different special additional amounts added to their wages, for withholding purposes, depending upon when they started their job and when they submitted their last Form W-4.
 - Higher additional amount added to wages if NRA started employment in 2020 or submitted the 2020 Form W-4.
 - Additional amount is not reflected on W-2; doesn't increase tax liability or FICA taxes for the ER & EE.



IRS PUBLICATION 15-T (2020)

- Second draft of the 2020 IRS Publication 15-T issued in August. Final draft is expected to be issued in November.
- Two major differences between the 2019 and 2020 IRS Publication 15 are:
 - Two sets of tables that calculate tax withholding based on whether the EE's box in Step 2 (Multiple Jobs) is checked or not.
 - 2019 or earlier Form W-4 (no changes) ---> Standard Schedule
 - 2020 or later Form W-4 & Step 2 box blank ---> Standard Schedule
 - 2020 or later Form W-4 & Step 2 box checked ---> Step 2 Checkbox Schedule
 - Third category for tax withholding based on Head of Household (only for 2020 Form W-4s or later).



IRS PUBLICATION 15-T (2020) WITHHOLDING TABLES

Percentage Method Tables for Automated Payroll Systems

Note. This illustrates what the 2020 tables would look like by using the 2019 tax parameters.

STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from before 2020, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is NOT checked.)					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	Plus this percentage	of the amount that the Adjusted Annual Wage exceeds	If the Adjusted Annual Wage Amount (line 2a) is:		The tentative amount to withhold	Plus this percentage	of the amount that the Adjusted Annual Wage exceeds
At least	But less than	is:	—	—	At least	But less than	is:	—	—
A	B	C	D	E	A	B	C	D	E
Married Filing Jointly					Married Filing Jointly				
\$0	\$11,800	\$0.00	0%	\$0	\$0	\$12,200	\$0.00	0%	\$0
\$11,800	\$31,200	\$0.00	10%	\$11,800	\$12,200	\$21,900	\$0.00	10%	\$12,200
\$31,200	\$90,750	\$1,940.00	12%	\$31,200	\$21,900	\$51,675	\$970.00	12%	\$21,900
\$90,750	\$180,200	\$9,086.00	22%	\$90,750	\$51,675	\$96,400	\$4,543.00	22%	\$51,675
\$180,200	\$333,250	\$28,765.00	24%	\$180,200	\$96,400	\$172,925	\$14,382.50	24%	\$96,400
\$333,250	\$420,000	\$65,497.00	32%	\$333,250	\$172,925	\$216,300	\$32,748.50	32%	\$172,925
\$420,000	\$624,150	\$93,257.00	35%	\$420,000	\$216,300	\$318,375	\$46,628.50	35%	\$216,300
\$624,150		\$164,709.50	37%	\$624,150	\$318,375		\$82,354.75	37%	\$318,375
Single					Single				
\$0	\$3,800	\$0.00	0%	\$0	\$0	\$6,100	\$0.00	0%	\$0
\$3,800	\$13,500	\$0.00	10%	\$3,800	\$6,100	\$10,950	\$0.00	10%	\$6,100
\$13,500	\$43,275	\$970.00	12%	\$13,500	\$10,950	\$25,838	\$485.00	12%	\$10,950
\$43,275	\$88,000	\$4,543.00	22%	\$43,275	\$25,838	\$48,200	\$2,271.50	22%	\$25,838
\$88,000	\$164,525	\$14,382.50	24%	\$88,000	\$48,200	\$86,463	\$7,191.25	24%	\$48,200
\$164,525	\$207,900	\$32,748.50	32%	\$164,525	\$86,463	\$108,150	\$16,374.25	32%	\$86,463
\$207,900	\$514,100	\$46,628.50	35%	\$207,900	\$108,150	\$261,250	\$23,314.25	35%	\$108,150
\$514,100		\$153,798.50	37%	\$514,100	\$261,250		\$76,899.25	37%	\$261,250
Head of Household					Head of Household				
\$0	\$9,950	\$0.00	0%	\$0	\$0	\$9,175	\$0.00	0%	\$0
\$9,950	\$23,800	\$0.00	10%	\$9,950	\$9,175	\$16,100	\$0.00	10%	\$9,175
\$23,800	\$62,800	\$1,385.00	12%	\$23,800	\$16,100	\$35,600	\$692.50	12%	\$16,100
\$62,800	\$94,150	\$6,065.00	22%	\$62,800	\$35,600	\$51,275	\$3,032.50	22%	\$35,600
\$94,150	\$170,650	\$12,962.00	24%	\$94,150	\$51,275	\$89,525	\$6,481.00	24%	\$51,275
\$170,650	\$214,050	\$31,322.00	32%	\$170,650	\$89,525	\$111,225	\$15,661.00	32%	\$89,525
\$214,050	\$520,250	\$45,210.00	35%	\$214,050	\$111,225	\$264,325	\$22,605.00	35%	\$111,225
\$520,250		\$152,380.00	37%	\$520,250	\$264,325		\$76,190.00	37%	\$264,325



IRS PUBLICATION 15-T (2020) EMPLOYER WITHHOLDING WORKSHEET

Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems *Keep for Your Records*

Note. This illustrates what the 2020 procedure could look like by using the 2019 tax parameters. There would be just one procedure for both the Form W-4 from before 2020 and new Form W-4. The formatting will change, and some of the details may need to be modified slightly to conform to the final Form W-4.

Table 3	Semiannually	Quarterly	Monthly	Semi-monthly	Biweekly	Weekly	Daily
	2	4	12	24	26	52	260

Step 1. Adjust the employee's wage amount

- 1a Enter the employee's total taxable wages this payroll period 1a \$ _____
- 1b Enter the number of pay periods you have per year (see Table 3) 1b _____
- 1c Multiply the amount on line 1a by the number on line 1b 1c \$ _____

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1d Enter the amount from Step 4(a) of the employee's Form W-4 1d \$ _____
- 1e Add lines 1c and 1d 1e \$ _____
- 1f Enter the amount from Step 4(b) of the employee's Form W-4 1f \$ _____
- 1g If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter \$12,600 if the taxpayer is married filing jointly or \$8,400 otherwise 1g \$ _____
- 1h Add lines 1f and 1g 1h \$ _____
- 1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1i \$ _____

OR

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

- 1j Enter the number of allowances claimed on the employee's most recent Form W-4 1j _____
- 1k Multiply line 1j by \$4,200 1k \$ _____
- 1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** 1l \$ _____

Step 2. Figure the Tentative Withholding Amount

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 Form W-4) or marital status (line 3 of Form W-4 from before 2020); and whether the box in Step 2 of 2020 Form W-4 is checked.

Note. Don't use the Head of Household table if the Form W-4 is from before 2020.

- 2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above 2a \$ _____
- 2b Find the row in the appropriate **Annual Percentage Method** table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row 2b \$ _____
- 2c Enter the amount from column C of that row 2c \$ _____
- 2d Enter the percentage from column D of that row 2d _____ %
- 2e Subtract line 2b from line 2a 2e \$ _____
- 2f Multiply the amount on line 2e by the percentage on line 2d 2f \$ _____
- 2g Add line 2c and line 2f 2g \$ _____
- 2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** 2h \$ _____

Step 3. Account for tax credits

- 3a If the employee's Form W-4 is from 2020, enter the amount from Step 3 of that form; otherwise enter -0- 3a \$ _____
- 3b Divide the amount on line 3a by the number of pay periods on line 1b 3b \$ _____
- 3c Subtract line 3b from line 2h. If zero or less, enter -0- 3c \$ _____

Step 4. Figure the final amount to withhold

- 4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 form or line 6 on earlier forms) 4a \$ _____
- 4b Add lines 3c and 4a. This is the amount to withhold from the employee's wages this pay period 4b \$ _____



FORM W-4 EXAMPLE #1

- EE hired before 2020 and previously submitted 2019 W-4 claiming Married status and 5 withholding allowances (3 qualifying children and spouse).
 - Wages subject to tax withholding is \$3,500 bi-weekly, or \$91,000 annually.
 - Each withholding allowance equals \$4,200.
 - Annualized Wages subject to Withholding = \$70,000 ($91,000 - (4,200 * 5)$).



EXAMPLE #1 (CONT'D)

STANDARD Withholding Rate Schedules				
(Use these if the Form W-4 is from before 2020, 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
Married Filing Jointly				
\$0	\$11,800	\$0.00	0%	\$0
\$11,800	\$31,200	\$0.00	10%	\$11,800
\$31,200	\$90,750	\$1,940.00	12%	\$31,200
\$90,750	\$180,200	\$9,086.00	22%	\$90,750
\$180,200	\$333,250	\$28,765.00	24%	\$180,200
\$333,250	\$420,000	\$65,497.00	32%	\$333,250
\$420,000	\$624,150	\$93,257.00	35%	\$420,000
\$624,150		\$164,709.50	37%	\$624,150

- Draft Publication 15-T, Married Filing Jointly table, annual basis has a parameter for \$31,200–\$90,750 with the minimum annualized Federal withholding to be \$1,940 + 12% of the excess over \$31,200 (\$38,800).
- EE's annualized federal tax withholding = \$1,940 + \$4,656, or \$6,596.
- Federal tax w/h per PP = **\$253.69** (\$6,596/26).



FORM W-4 EXAMPLE #2

- Assume the same facts as prior example.
 - EE submits a 2020 Form W-4, has not checked the box in Step 2 and does not fill out Steps 3 or 4 for Dependents or Other Adjustments to Income. The Standard Withholding table would be used:
 - Annualized Wages subject to Withholding = \$78,400 (\$91,000-\$12,600 for Married status).



EXAMPLE #2 (CONT'D)

STANDARD Withholding Rate Schedules				
(Use these if the Form W-4 is from before 2020, 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
Married Filing Jointly				
\$0	\$11,800	\$0.00	0%	\$0
\$11,800	\$31,200	\$0.00	10%	\$11,800
\$31,200	\$90,750	\$1,940.00	12%	\$31,200
\$90,750	\$180,200	\$9,086.00	22%	\$90,750
\$180,200	\$333,250	\$28,765.00	24%	\$180,200
\$333,250	\$420,000	\$65,497.00	32%	\$333,250
\$420,000	\$624,150	\$93,257.00	35%	\$420,000
\$624,150		\$164,709.50	37%	\$624,150

- Draft Publication 15-T, Married Filing Jointly table, annual basis has a parameter for \$31,200 - \$90,750 with the minimum annualized Federal withholding to be \$1,940 + 12% of the excess over \$31,200 (\$47,200).
- EE's annualized federal tax withholding = \$1,940 + \$5,664, or \$7,604.
- Federal tax withholding per PP = **\$292.46** (\$7,604/26).



FOLLOW-UP

- Previous examples were “easy”.
- Each employee has their own individual tax situation and it is their responsibility to meet their tax liability.
- Draft Form W-4 has similar worksheets as the existing Form W-4. OSC has created a comparison of the W-4s that agencies and employees may find helpful. More information will follow this Fall.



JOB AID – CURRENT FORM W-4 VS. DRAFT 2020 FORM W-4

Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records.

Form W-4 **Employee's Withholding Allowance Certificate** OMB No. 1545-0074 **2019**

Department of the Treasury Internal Revenue Service

▶ Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

1 Your last name and middle initial Last name First social security number

Home address (number and street or P.O. box) State Married, but without a higher single rate. Note: If married filing separately, check "Married, but without a higher single rate." City or town, state, and ZIP code 4 If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card.

5 Total number of allowances you're claiming (from the applicable worksheet on the following pages) 5

6 Additional amount, if any, you want withheld from each paycheck 6 \$

7 I claim exemption from withholding for 2019, and I certify that I meet both of the following conditions for exemption:
 • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and
 • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.
 If you meet both conditions, write "Exempt" here. 7

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date

8 Employer's name and address. (Employer: Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New York.) 9 First date of employment 10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 4. Cat. No. 10220Q Form W-4 (2019)

Form W-4 **Employee's Withholding Certificate** OMB No. 1545-0074 **2020**

Department of the Treasury Internal Revenue Service

▶ 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.

Step 1: Enter Personal Information

1 Your last name and middle initial Last name First social security number

2 Home address (number and street or P.O. box) State City or town, state, and ZIP code

3 Single or Married filing separately Married filing jointly (or Qualifying widow) 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.)

Complete Steps 2 through 4 ONLY if they apply to you. To see if you are exempt from withholding or if you have concerns about your privacy, see page 2. Everyone must complete Step 5. See instructions on page 2.

Step 2: Multiple Jobs or Spouse or Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following.

(a) Use the estimator at www.irs.gov/W4app for most accurate withholding, or
 (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(b) below for roughly accurate withholding, or
 (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

CAUTION: If you have privacy concerns, choose (a) or (b). If you and/or your spouse have income from self-employment, including as an independent contractor, choose (a).

Complete Step 3 through 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 through 4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$

Multiply the number of other dependents by \$500 ▶ \$

Add the amounts above and enter the total here ▶ \$

Step 4 (optional): Other Adjustments

(a) Other income. 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. You should not include income from any jobs ▶ 4(a) \$

(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here ▶ 4(b) \$

(c) Extra withholding. Enter any additional tax you want withheld each pay period ▶ 4(c) \$

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date

Employer's Name Only Employer's name and address First date of employment Employer identification number (EIN)

Form W-4 (2020)



RECAP/QUESTIONS

- OSC Process for Year End Processing -- Forms W-2, Credit Letters, Manual W-2s 1099-Misc., and 1042-S.
- Requirements for creating Tax Statements
- Information needed to produce the Tax Statements.
- Sources of information
- Agency Responsibilities
- Use of information
- Production of Tax Statements
- Updates
- 2020 Form W-4 & Examples
- Comparison between Form W-4s



CONTACT INFORMATION

Agencies should contact the Tax and Compliance

Mailbox at: TaxandCompliance@osc.ny.gov

Note: when submitting an email to this mailbox, never include the employee SSN, only the EmplID. If you are including documentation that reflects the employee SSN, blacken it out completely on all pages.

