



COMPLIANCE BULLETIN

IRS Issues 2020 Form W-4

HIGHLIGHTS

- The new form will prompt employees to declare whether they have multiple sources of income (two jobs, two-earner households).
- New employees who fail to submit a Form W-4 after 2019 will be treated as a single filer with no other adjustments.
- The new form uses a five-step process. Only steps 1 and 5 are mandatory.

IMPORTANT DATES

January 1, 2020

Employees must begin using the redesigned Form W-4 to declare their payroll tax withholdings.

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OVERVIEW

On Dec. 5, 2019, the Internal Revenue Service released an updated version of its [W-4 form](#), also known as the “[Employee’s Withholding Certificate](#).”

Employers use IRS Form W-4 to determine each employee’s federal tax withholdings. The new form is intended to harmonize tax withholding declarations with the [Tax Cuts and Jobs Act](#), which affected individuals for the first time during the last tax filing season.

Employees may complete a new W-4 each year or each time they experience a change in their personal financial situation. However, the new form does not invalidate prior versions, and employers are not expected to replace W-4 forms from previous years with the 2020 version.

ACTION STEPS

Employers should become familiar with the updates to IRS Form W-4 and make it available for all new hires and employees who wish to amend their withholding declarations in 2020.

Please note that employers are not required to update W-4 forms that were completed and filed on or before 2019.

This Compliance Bulletin is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

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