

The New 2022 Form W-4, Employee's Withholding Certificate:

What you need to know

Any newly hired employees in 2020 must fill out the redesigned W-4. The 2020 version of form W-4 does away with asking people to choose a number of allowances. **Instead, you provide certain dollar estimates for the payroll system to use.**

Elimination of the Personal Allowances Worksheet.

With the passage of the Tax Cuts & Jobs Act (TCJA) in 2017, personal exemptions were eliminated. These exemptions were tied to allowances, but since exemptions are now gone, the need to determine the number of allowances is gone too.

Think in dollars (and have last year's tax returns handy)

On the new form, people will claim deduction amounts in dollar figures. That also means it's wise to have last year's tax returns handy when you fill out the new W-4. The returns will let you make educated guesses on amounts of outside income when the form asks questions about whether you want tax withheld on money sources like interest, dividends or retirement income.

Before completing the 2020 Form W-4, (example on reverse page) please read the instructions that are included with the form.

You must complete Steps 1 and 5. Steps 2, 3, and 4 are optional, but completing them will help ensure that your federal income tax withholding will more accurately match your tax liability.

Step 1 is for your personal information;

Step 2 is for households with multiple jobs;

Step 3 is used to claim tax credits for dependents;

Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld); and

Step 5 is where you sign the form.

The IRS takes your privacy seriously and suggests that, if you are concerned about reporting income from multiple jobs in Step 2 or other income in Step 4(a), you check the box in Step 2(c) or enter an additional withholding amount in Step 4(c).

To determine the additional withholding amount, you can use the withholding estimator found at: <https://apps.irs.gov/app/tax-withholding-estimator-2019/income-and-withholding>