

A Step-by-Step Guide to Completing the New 2020 W-4 Form



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On December 5, 2019, the Internal Revenue Services (IRS) released an updated version of the Employee's Withholding Certificate W-4, otherwise known as a W-4. The new design incorporates changes to the tax law and boasts a completely different layout. At first glance, the new W-4 may seem daunting. Here at GoCo, we aim to make HR processes simple and stress-free, which is why we created this **step-by-step guide** so you can complete the form quickly and accurately.

Section 1: Employee's Personal Details

This section is required by all applicants and must be completed in full. Employees must enter the following information:

- First name, middle initial, and last name
- Full home address
- Social Security Number (SSN)
- Filing status - Employees must choose one of the following options:
 - a. **Single or married and filing separately**
 - b. **Married filing jointly or eligible widow(er)**
 - c. **Head of household.** *Only check this box if you are single and pay more than half of the cost of keeping up a home for you and another individual.*



Section 2: Multiple Jobs and Spousal Income

Employees are only required to complete this section if they have multiple jobs or are filing jointly, and their spouse also has a job. Employees can use one of three ways to complete this section:

1. Use the IRS [Tax Withholding Estimator](#) application to calculate your total withholdings. The online tool takes employees through a five-step survey before generating the results. Information on income, dependents, other jobs, sources of income, and adjustments are taken into consideration. Record the final amount on line 4(c).
2. Use the Worksheet on Page 3 of the form. The worksheet is comprised of four steps. Employees must use the table on Page 4 to calculate a final dollar amount. The final amount must be recorded on line 4(c).
3. Check the box in 2(c) if you have two jobs that have similar pay.

Note: A W-4 must be completed for all jobs that withhold federal income tax.

Section 3: Dependents

Employees must earn less than \$200,000 (\$400,000 if filing jointly) to claim [eligible children or qualifying dependents](#). If eligible, follow the below steps to complete section 3:

1. Multiply the number of children by \$2,000 and enter the final amount, if applicable.
2. Multiply the number of dependents by \$500 and enter the final amount, if applicable.
3. Add both numbers together and enter the total dollar amount on line 3.

Section 4: Other Adjustments

Employees with additional income or deductions must complete section 4. However, only the relevant subsections are required.

4(a) - Enter the total income from sources that do not withhold federal income tax, such as dividends or retirement plans.

4(b) - Enter the amount of additional deductions you wish to claim, other than the standard deduction. To calculate this amount, use the worksheet on page 3 of the form.

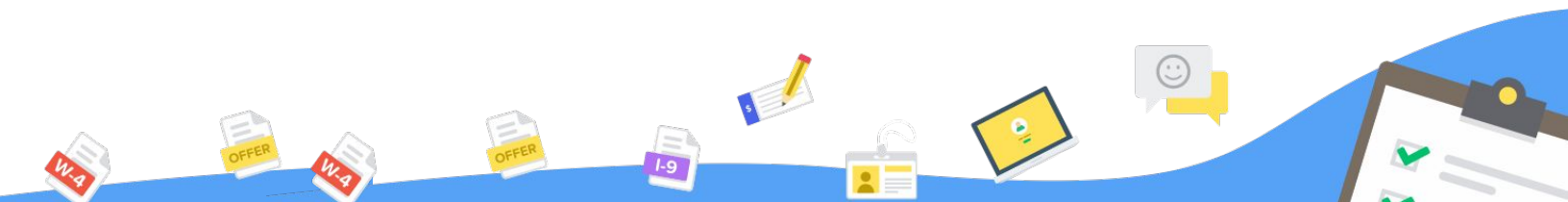
4(c) - Enter any extra withholdings you wish to claim. The result of any calculations from Section 2(a) and 2(b) are recorded here. Employees can add extra withholdings to the previously calculated results and enter the total on this line.

Note: *If an employee recorded zero federal tax liability in 2019 and expects to record zero federal tax liability in 2020, he or she may be exempt from withholding. If so, applicants must write 'exempt' in the space below 4(c).*

Step 5: Sign and Date

Employees must sign and date the form. Employers must complete the Employer Only section by entering the company name and address, the applicant's first date of employment, and the employer's EIN.

The [IRS Income Tax Withholding Assistant](#) and [Publication 15-T](#) are useful tools for calculating withholdings. If you have any questions about the new W-4 form or any of our HR and Payroll services, don't hesitate to get in touch!



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