

Here's How to Fill Out the New W-4 Form for 2020

Caleb Newquist

Editor-at-Large, Gusto

This article provides detailed instructions on how to fill out the new W-4 form for 2020. [If you're looking for information on how to fill out the 2019 W-4, go here.](#)

Each year, the Internal Revenue Service issues a new W-4, and each year, many people don't bother to fill it out.

This happens despite the fact that there are significant things that can occur in any given year that might influence how you fill out a W-4. We'd argue that reviewing Form W-4 annually is an excellent habit for just about anyone, even if it's not a federal requirement.

In this post, we'll provide a quick overview of the new 2020 W-4 for both employers and employees. We'll show you exactly how to fill out the W-4, and walk you through the new W-4 worksheets and tax withholding estimator.

Why should anyone care about the new W-4? The new form is designed to make withholdings more accurate. Taxpayers who fill out the 2020 form are less likely to wind up with a large tax bill or a giant refund when they file tax returns in 2021—money that could have been invested or spent on essential expenses throughout the year.

Updating your withholding amount is always optional, although the IRS recommends that employees revisit their W-4 forms every year.

Okay, let's dive into the details so you can know what's what with the new form.

What's new about Form W-4?

Many employees who have not had significant life changes like getting married or having kids have probably not filled out a W-4 in a LONG time. That's why we recommend that you remind your team about the importance of reviewing their withholding every year. In addition, any newly hired employees in 2020 must fill out the redesigned W-4.

If that isn't reason enough to revisit Form W-4, with the passage of the [Tax Cuts & Jobs Act](#) (TCJA) in 2017, major changes to employee withholding came to pass. Those changes affected many taxpayers in many ways, and they're still taking place in 2020.

Now, let's cover what's different in the new form:

1. The Name

Historically, Form W-4's title was "[Employee's Withholding Allowance Certificate](#)." The 2020 Form W-4 no longer calculates "allowances," so the title has been shortened to "[Employee's Withholding Certificate](#)."

2. Buh-Bye, Personal Allowances Worksheet

That's right, the Personal Allowance Worksheet from page three of the old Form W-4 is now gone.

This is because the TCJA eliminated personal exemptions. These exemptions allowed for deductions against a taxpayer's personal income, which reduced their taxable income, and therefore, their federal income tax. These exemptions were tied to allowances, but since exemptions are now gone, the need to determine the number of allowances is gone too.

The 5 steps in the new Form W-4

the step must be completed by an employer. If an employee does not fill out the form, you are required to calculate their withholding as “Single” so you can withhold their taxes at the higher “Single” rate.

Step 2: Multiple Jobs or Spouse Works

The message before step two gives instructions on where to find guidance for any employees who may be exempt from withholding. If your employee asks, direct them to that language, outlined below.

This message also instructs any employees who do not need to fill out steps two through four to step five, which everyone must complete.

For step 2, employees only need to complete option (a), (b), or (c). Options (a) and (b) will take employees away from the form itself, while option (c) can be done right on the form.

The IRS has stated that option (a) will give employees the most accuracy and privacy of the three since the new withholding estimator will compute all the relevant entries for the form. Option (b) also provides accuracy but requires manual work, and (c) is the least accurate since it assumes the jobs have similar pay, but it's the easiest to complete.

Step 3: Claim Dependents

The TCJA changed the law so more people would qualify for the child tax credit. Single taxpayers with an income of \$200,000 or less (\$400,000 if married filing jointly) are now eligible. Employees should pay attention to the definitions in [IRS Publication 972 – Child Tax Credit](#) if they're looking to claim the credit.

Step 4: Other Adjustments

This optional section is for various things that an employee may want to account for when considering their withholding. These areas include:

- **(b): Deductions.** This line is for deductions *other* than the standard deduction. This includes all itemized deductions like mortgage interest and charitable contributions minus the standard deduction. Remember that, in general, the standard deduction reduces a taxpayer's adjusted gross income to arrive at taxable income. The greater of the standard deduction or itemized deductions will help reduce the amount of tax due. The [2020 standard deduction](#) is \$24,800 for married taxpayers filing jointly; \$12,400 for single and married filing separately taxpayers; \$18,650 for those filing as head of household.
- **(c): Extra withholding.** Any extra withholding that the employee would like to withhold each pay period

Step 5: Sign the form

If your employee doesn't complete this final step, the form is invalid.

An employee's guide to the 2020 W-4

For 2020, all employees need to complete steps 1 and 5 in the new W-4. Steps 2, 3, and 4 are only completed if certain criteria apply. We'll cover each of these steps in detail here.

How to fill out the new Form W-4

Step 1: Enter Personal Information

This is mostly unchanged. You will need to fill out your basic information: 1) Name; 2) Social Security number; 3) Address; 4) City/town, state, and ZIP; 5) Filing status. Nothing too complicated.

Here's what it looks like:

married and your spouse doesn't work.

Step 2: Multiple Jobs or Spouse Works

This section addresses the "Two Earners/Multiple Jobs Worksheet" from the [2019 W-4 form](#). Most commonly, this step is for anyone who has more than one job or is married filing jointly and whose spouse works.

Checking box 2(c) tells your employer that you have multiple jobs. If you don't want to disclose that fact, don't check the box.

In this step, the form notes that individuals 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.

Step 3: Claim Dependents

This section determines your eligibility for the child tax credit. It's a relatively simple step to complete:

The TCJA changed the law so more people would 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.

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

Step 4: Other Adjustments

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

Here's what it looks like:

These areas include:

subject to withholding, like dividends or retirement income.

- **(b): Deductions.** Itemized deductions like 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

Easy enough, right? Okay.

Keep in mind that if you don't sign the form, it's invalid. That means your employer will disregard your new W-4 selections and withholding, and instead calculate your withholding as "Single."

New worksheets on Form W-4

Moving on. The new 2020 Form W-4 has only two worksheets, down from three on the 2019 form. We'll cover both here so you can understand if you should use them, and why.

Multiple Jobs Worksheet

If you choose option b in Step 2, you will need to complete the Multiple Jobs worksheet. According to the IRS, this worksheet is less accurate than the tax estimator, but 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) and cross reference it with the amount of

Note that the screengrab above is the table for taxpayers who are *married filing jointly* or *qualifying widow(er)*. There is a separate table for single and married filing separately taxpayers and yet another separate table for taxpayers filing as head of household. Be sure you're using the right table.

Line 2

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

Line 2a is for the two *highest-paying* jobs. Again, 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 figure at the intersection of those two figures will go on line 2a.

For **line 2b**, the wages and salaries for the two highest-paying jobs need to be added together and found in the column on the left. The wages and salaries for the third job will be found in the row across the top of the table. The value at the intersection of those two figures will go on line 2b. The sum of lines 2a and 2b goes on line 2c.

Line 3

Lines 3 and 4 apply to everyone who chooses to fill out the Multiple Jobs worksheet.

Line 3 is the number of pay periods per year for the highest-paying job. For example, if that job pays weekly, then 52 goes on line 3. If the jobs pays bi-monthly, then 24 should be entered.

Line 4

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

The deductions worksheet is for anyone who plans to itemize deductions. Since the TCJA increased the standard deduction, way fewer people will itemize their deductions. Many high-earners will still itemize, however, so proceed accordingly.

For 2020, if you believe your itemized deductions will exceed \$12,200 (if you're single or married filing separate), \$24,400 (if you're married filing jointly), or \$18,350 (if you're the head of household), you should consider filling out the deductions worksheet.

Anyone filling out this worksheet should have their prior-year tax return handy to help get a good idea of what those deductions might be.

Should I fill out a new W-4?

The short answer is: It depends.

Here's 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 won't 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 have 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.

Enter, the new tax withholding estimator

Now, some of you are probably giving us side-eye now that we've suggested that you go through all this work. To make it easier on you, we recommend checking out

IRS withholding tables. The 2020 version of the tool should be live in 2020.)

Anyone who wants to use the estimator will need to be prepared with similar information that's requested on the W-4 worksheets.

If you're interested in using the estimator, you should have the following:

- **Your most recent pay stub.** It should include the amount of federal income tax withheld so far in the current tax year (2019).
- **A completed copy of your most recent tax return.** It will help with estimating income and other items for the current tax year.

It's important for anyone using the estimator to know that it will only be as accurate as the information entered. If you throw in a "best guess" for the requested information, the result will not be as precise.

The withholding estimator will spit out 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 cause them to make changes to their W-4.

We'll leave everyone with this: The IRS recommends that taxpayers with the following profiles check their withholding:

- 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 the new year. You'll want the adjustments to take effect sooner rather than later, so the right

The new Form W-4 doesn't have to be confusing. Hopefully, this guide and collection of W-4 resources will help you avoid any surprises at tax time.

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Caleb Newquist Caleb is Editor-at-Large at Gusto. In 2009, he became the founding editor of [Going Concern](#), the one-of-a-kind voice on the accounting profession, serving in the role for 9 years. Prior to Going Concern, Caleb worked as a CPA for nearly 6 years in New York and Denver. He lives in Denver with his wife, daughter, and two cats.

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