



January 14, 2019

TO: Payroll and Human Resources Contacts

FROM: Matt Gilroy, District Payroll Services Supervisor

SUBJECT: New 2020 Internal Revenue Service (IRS) Form W-4

PeopleSoft System Changes, Timeline, and Interim Procedures

The new form design represents the first major revision to IRS Form W-4 in more than 30 years. As a result, the PeopleSoft system requires major programming updates and extensive testing to accommodate these changes. We anticipate these activities will run through the end of February.

Until the changes in PeopleSoft are complete, it is advised that districts can follow the following interim procedure. When hiring/processing new employees or when receiving a request to update employee withholdings, collect the following forms from the requestor:

1. New 2020 “Employee’s Withholding Certificate” (IRS Form W-4) ([2020 W4](#))
2. 2019 Form W-4 ([2019 W4](#))
3. State of California [Form DE 4](#) “Employee Withholding Allowance Certificate”

Item #1 (New 2020 “Employee’s Withholding Certificate”) can be held by district until notified by SDCOE that changes to PeopleSoft are complete. At that time, districts can update each employee’s withholding selections on new W4 screen. The exception to this is for those claiming “exempt”, which can be input immediately.

Item #2 (2019 W-4) can be used to collect and input withholding preferences from employees utilizing the existing withholding screen and calculations (Single and Married with exemptions).

Item #3 (CA State DE 4) will be required of ALL new employees or existing employees making a change.

Districts can inform employees that their 2020 “Employee’s Withholding Certificate” will be used to update their selections when the new withholding programming is successfully

implemented in PeopleSoft.

Significant Changes to 2020 Form W-4

Beginning with the 2020 Form W-4, employees will no longer be able to request adjustments to their withholding using allowances. Instead, using the new Form W-4, employees will provide employers with amounts to increase or reduce taxes and amounts to increase or decrease the amount of wage income subject to income tax withholding.

The 2020 Form W-4 contains 5 steps. Every 2020 Form W-4 employers receive from an employee should show a completed Step 1 (name, address, Social Security Number, and filing status) and a dated signature on Step 5. Employees will complete Steps 2, 3, and/or 4 only if relevant to their personal situations. Steps 2, 3, and 4 show adjustments that will affect withholding calculations.

For employees who only complete steps 1 and 5, employers will withhold the amount based on the filing status, wage amounts, and payroll period.

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4

Communication with Employees

The 2020 IRS Form W-4, *Employee's Withholding Certificate*, is very different from previous versions, due to the federal tax law changes that took place in 2018. The Internal Revenue Service (IRS) is **not** requiring all employees complete the revised form and has designed the withholding tables so that they will work with both the new and prior year forms. Certain employees, however, will be required to use the new form: those hired in 2020 and those who make withholding changes during 2020. **Please note: if you do not submit a new form, withholding will continue based on your previously submitted form.**

Because the 2020 Form W-4, *Employee's Withholding Certificate*, is very different from previous versions, communicating the changes to employees may be challenging. SDCOE does not recommend that district payroll staff provide tax or legal advice to employees.

The IRS has also published Frequently Asked Questions that you may find helpful as you complete the form (<https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4>).

Please direct questions to Matt Gilroy, District Payroll Services Supervisor at: matthew.gilroy@sdcoe.net