

Form W-4: Employee's Withholding Certificate

Form W-4 decides the amount of withholding on an employee's paycheck for the year. In recent years, the IRS has changed the form and withholding charts in order to account for the decrease in individual tax rates that went into effect with the Tax Cuts and Jobs Act signed into law on December 22, 2017.

The best way to fill these forms out is to read through the instructions step by step. Attached to the form should be the instructions as well as a worksheet and chart for reference. Of course, there is no right answer when asked – how much withholding is the correct amount? The answer to that question varies from person to person not only due to different financial situations but also preference on whether they want a refund or just the right amount of tax paid into the government every year. Of course, there is nothing wrong with a little trial and error. If you don't get the withholding you are looking for with the Form W-4 you turned in at first, try again.

It is important to keep in mind that there are situations in which withholding tax from your paycheck is unnecessary. For example your dependent is receiving a wage and is estimated to make less than the standard deduction during the taxable year, you will want to fill out a Form W-4 noting them to be exempt from withholding. This will save you from having to file a tax return for them when one would not be required to be filed except to get a refund of the withholding.

Also in some states, Nebraska for example, there is a separate withholding form to be filed out for state tax withholding purposes. This varies by state law. For those Nebraska employees/employers, if a Form W-4N is not received, it is required that you withhold at the Single-0 rate.

If you are looking to check your withholding throughout the year, there is a Tax Withholding Estimator on the IRS.gov website that can do just that. Here is the link: <https://www.irs.gov/individuals/tax-withholding-estimator>. If you have any additional questions or need help in completing the Form W-4, please feel free to reach out to us.

Thanks!

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