



# TOWN OF EAST BRIDGEWATER

[www.eastbridgewaterma.gov](http://www.eastbridgewaterma.gov)

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## **Frequently Asked Questions on the 2020 Form W-4**

(From the IRS Website)

### **1. Are all employees required to furnish a new Form W-4?**

- A. No. Employees who have furnished Form W-4 in any year before 2020 are not required to furnish a new form merely because of the redesign. Employers will continue to compute withholding based on the information from the employee's most recently furnished Form W-4.

### **2. Why redesign the Form W-4?**

- A. The new design reduces the form's complexity and increases the transparency and accuracy of the withholding system. While it uses the same underlying information as the old design, it replaces complicated worksheets with more straightforward questions that make accurate withholding easier for employees.

### **3. What happened to withholding allowances?**

- A. Allowances are no longer used for the redesigned Form W-4. This change is meant to increase transparency, simplicity, and accuracy of the form. In the past, the value of a withholding allowance was tied to the amount of the personal exemption. Due to changes in law, currently you cannot claim personal exemptions or dependency exemptions.

### **4. When should I increase my withholding?**

- A. You should generally increase your withholding if:
1. you hold more than one job at a time or you and your spouse both have jobs (Step 2) or
  2. you have income from sources other than jobs or self-employment that is not subject to withholding (Step 4(a)).
  3. If you do not make adjustments to your withholding for these situations, you will very likely owe additional tax when filing your tax return, and you may owe penalties. For income from sources other than jobs, you can pay estimated tax instead of having extra withholding.

### **5. When should I decrease my withholding?**

- A. You should generally decrease your withholding if:
1. you are eligible for income tax credits such as the child tax credit or credit for other dependents (Step 3), and/or

2. you are eligible for deductions other than the basic standard deduction, such as itemized deductions, the deduction for IRA contributions, or the deduction for student loan interest (Step 4(b)).
3. I want a refund when I file my tax return. How should I complete the redesigned Form W-4?
  - i. The redesigned Form W-4 makes it easier for you to have your withholding match your tax liability. But if you prefer to have more tax than necessary withheld from each paycheck, you will get that money back as a refund when you file your tax return (keep in mind though you do not earn interest on the amount you overpay). The simplest way to increase your withholding is to enter in Step 4(c) the additional amount you would like your employer to withhold from each paycheck. Note, even if you don't have any income tax withheld from your wages, you may get a refund if you are eligible for tax credits such as the Earned Income Credit, the Additional Child Tax Credit, or American Opportunity Credit.
6. **Is there a computer program or app that I can use to help me complete Form W-4?**
  - A. Yes. To provide maximum accuracy, you are encouraged to use the Tax Withholding Estimator available at [www.irs.gov/W4app](http://www.irs.gov/W4app). You should consider using the withholding estimator if you:
    1. expect to work only part of the year (this does not apply if you are only switching jobs),
    2. had a large balance due or refund last year and it is no longer the beginning of the current year,
    3. have dividend or capital gain income or are subject to additional taxes, such as the additional Medicare tax,
    4. have self-employment income,
    5. prefer the most accurate withholding for multiple job situations, or
    6. prefer to limit information provided in Steps 2–4 but do not want to sacrifice accuracy.