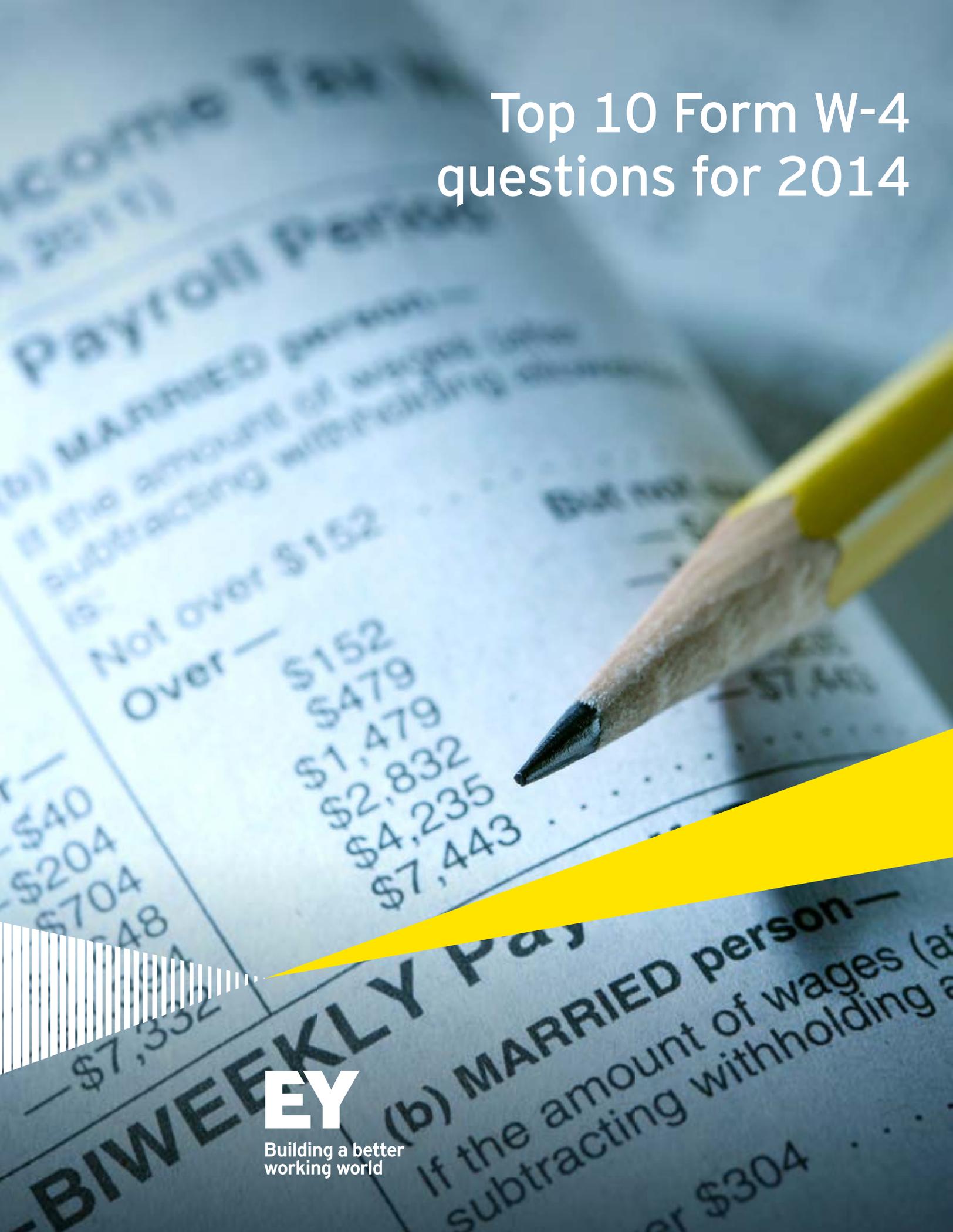


Top 10 Form W-4 questions for 2014



Building a better working world

BIWEEKLY PAY

(b) MARRIED person
If the amount of wages (after subtracting withholding) is:

Not over \$152	...
Over — \$152	\$479
Over — \$479	\$1,479
Over — \$1,479	\$2,832
Over — \$2,832	\$4,235
Over — \$4,235	\$7,443

...er \$304

Top 10 Form W-4 questions asked most frequently in 2014

By Debera Salam, CPP, Thomas Meyerer, Esq. and Deborah Spyker, CPA, Ernst & Young LLP

Top 10 frequently asked questions

- FAQ 1** Is a new Form W-4 required if an employee will receive wage payments subsequent to termination?
- FAQ 2** Is there a limit on the number of Form W-4 changes an employee can make in a year?
- FAQ 3** How long do copies of Forms W-4 have to be retained in the employer's files?
- FAQ 4** Can employees claim a flat dollar or percentage of withholding on the Form W-4?
- FAQ 5** When is a Form W-4 invalid, and what is the employer required to do when it receives an invalid form?
- FAQ 6** How long does an employer have to implement changes in the Form W-4?
- FAQ 7** What special rules apply to the Form W-4 of a nonresident alien?
- FAQ 8** Are there any regulatory or other compliance considerations that need to be taken into account when using an electronic system for gathering and retaining federal, state and local Form W-4 data?
- FAQ 9** Are we required to submit copies of certain withholding allowance certificates to the IRS or other income tax authorities?
- FAQ 10** Is it safe to assume that the Form W-4 applies for federal, state and local withholding tax purposes?

Spring is in the air and time for employees to get their tax matters in order for 2014. With the 2013 tax filing season now over for most employees, they likely already know about changes they may need to make to their Form W-4, *Employee Withholding Allowance Certificate*. To assist payroll departments in dealing with the myriad issues likely to arise at this time of year, we offer answers to the top 10 Form W-4 questions of 2014.

FAQ 1

Is a new Form W-4 required if an employee will receive wage payments subsequent to termination?

Facts. We are about to make distributions of nonqualified deferred compensation (NQDC) and severance payments to several employees who recently retired or were terminated. Do we need a new Form W-4 from these employees, or can we use the Form W-4 already on file?

Conclusions. The IRS makes no distinction between current and former employees in its rules governing the Form W-4. The Form W-4 remains in effect until the employee gives you a new one. Therefore, using the facts presented above, you are required to use the most recently submitted Form W-4 for future NQDC distributions and other payments made after termination.

An exception to this rule applies when employees claim exemption from federal income tax on the Form W-4, in which case they are required to submit a new Form W-4 each year by February 15 of the next year. If you don't receive a new Form W-4 by the February 15 deadline, you are required to withhold federal income tax as though the employee claimed single and zero allowances, or withhold tax based on the last valid Form W-4 the employee provided. (*IRC §3402(f)(4); IRX§3402 (N); IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2014.*)

Example 1. When employee John was hired in 2011, he gave his employer a Form W-4 claiming married with two allowances. In 2013, he filed a Form W-4 claiming exempt from federal income tax. John did not file a new Form W-4 by February 17, 2014. Effective for all payments made after February 17, 2014, John's employer can use the Form W-4 submitted at the time John was hired (2011) and withhold federal income tax based on married with two allowances. Alternatively, the employer can withhold at single and zero allowances.



FAQ 2

Is there a limit on the number of Form W-4 changes an employee can make in a year?

Facts. Some employees change their Forms W-4 almost every payroll period, presumably to adjust their take-home pay to match current expenses. It has become a payroll processing burden to input these forms so frequently. Is there any restriction on the number of Forms W-4 employees may submit in a calendar year?

Conclusions. The IRS does not restrict the number of Forms W-4 an employee may file in a year. However, you are given a generous amount of time in which to make Form W-4 changes (see FAQ 6), which could have the same result as limiting the number of Forms W-4 you have to process for an employee.

FAQ 3

How long do copies of Forms W-4 have to be retained in the employer's files?

Facts. We have more than 10,000 employees who work across the US, and we receive on average about 2,500 new or revised Forms W-4 each year. Are we required to retain all of the Forms W-4 (and state allowance certificates) that are submitted, or can we keep only the most recent form?

All Forms W-4 that were superseded by a revised Form W-4 must be retained for a period of no less than four years from the date taxes were due or paid based on the form. A Form W-4 that is not superseded must be retained in your files for up to four years following the employee's termination.

Example 2. When employee Jim was hired in 2010, he submitted a Form W-4 claiming married with one allowance. On December 27, 2013, he submitted a revised Form W-4 claiming married and zero allowances. The Form W-4 submitted in 2010 must be retained four years from the period that begins on April 15, 2014 (April 15, 2019). As a result, through April 15, 2019, the employer must have two Forms W-4 on file for employee Jim: the form submitted in 2010 and the form submitted on December 27, 2013. The Form W-4 submitted on December 27, 2013, must be retained for as long as it remains in effect and for up to four years following Jim's termination (assuming he doesn't submit another Form W-4 before then).

It is clear to see how paper files can become unruly. For instance, if you have 2,500 Form W-4 paper submissions each year, that's 10,000 sheets of paper. And if employees work in states that require a separate withholding allowance certificate, the paper count could increase significantly. This is one of the reasons why electronic systems for gathering this information have become so popular in recent years. (See FAQ 8 on page 6 for more information on electronic retrieval and retention of Forms W-4.)

5 employer facts about the Form W-4

1. When employees give you a new Form W-4, you still have to keep the previous form for at least four years.
2. You have at least 30 days to process a Form W-4 change.
3. Nonresident alien employees must follow the special rules contained in IRS Notice 1392 when completing the Form W-4.
4. Flat dollar or percentage withholding is not a valid Form W-4 option, but employees can request fixed-dollar additional withholding.
5. You are required to reject a Form W-4 that is altered, is incomplete or, according to the employee, contains false information.



Top 10 Form W-4 questions asked most frequently in 2014

Continued

FAQ 4

Can employees claim a flat dollar or percentage of withholding on the Form W-4?

Facts. Employees frequently submit a Form W-4 or letter requesting that we withhold a flat percentage or dollar amount from their regular wages and/or bonus payments. They explain to us that their accountants carefully computed their tax liability for the year and that withholding according to the instructions given to us is necessary to help ensure the correct amount of federal income tax is paid for the year. Are these valid withholding options? And if so, what documentation is required in addition to the Form W-4?

Conclusions. In the 2014 Form W-4 instructions, the IRS clarifies that a flat tax or dollar amount of withholding is not an option on the Form W-4. Some employees argue that the Form W-4 instructions disallow only a flat percentage of withholding on regular wages – therefore, a flat percentage may apply to supplemental wages such as bonuses and commissions. The fact is, a flat tax rate of 25% applies to supplemental wages only when the employer chooses to use that withholding method, and only when certain requirements are met. Additionally, a flat 39.6% is required to be withheld on supplemental wages in excess of \$1 million in the calendar year. In either case, a flat percentage – or flat amount – of withholding tax is not an option on the Form W-4. (Note that employees may specify a dollar amount to be withheld in addition to the amount of withholding based on their filing status and withholding allowances.)

Should employees modify the Form W-4 in order to request a flat tax rate or dollar amount of withholding, the Form W-4 is invalid and you may not accept it. (See FAQ 5.)

Generally, employees request flat dollar or percentage withholding so that federal income tax withholding (FITW) matches their anticipated tax liability for the year. To accomplish this goal, employees should instead fill out the worksheet provided with the Form W-4 and use the fields on the form for marital status, allowances and additional withholding to arrive at the desired withholding amount. The IRS provides a withholding calculator on its [website](#) to help employees determine the correct marital status and withholding allowances to claim on the Form W-4. Employees may also benefit from any of the IRS resources shown on page 7. (*IRC §3402(a)(1)*; *Publication 15, Circular E, Employer's Tax Guide, rev. 2014.*)

FAQ 5

When is a Form W-4 invalid, and what is the employer required to do when it receives an invalid form?

Facts. Employees occasionally give us Forms W-4 that we suspect are not valid. For instance, some employees submit revised forms on a regular basis when they need extra take-home pay. In other cases, we suspect the Social Security Number (SSN) or name is not correct. When do we have a responsibility to reject a Form W-4 as invalid, and how do we compute federal income tax withholding in the absence of a valid form?

Conclusions. Under IRS regulations, a Form W-4 is invalid if any of the required information is missing or the employee doesn't sign the form. In addition, a Form W-4 is invalid if the official language on the form is deleted or otherwise "defaced," including alteration of the perjury statement (the "jurat"), or there is an addition of an entry or language that is not provided on the official form. Finally, the IRS explains in Circular E, *Employer's Tax Guide*, that if, on the date employees give you the form, they indicate in any way that the information provided is false, the Form W-4 is invalid. (*Treas. Reg. §31.3402(f)(5) - 1(b)*; *IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2014.*)

You are required to reject any Form W-4 that is known to be invalid and continue withholding based on the prior Form W-4 filed by the employee. If there is no prior form on file, withhold federal income tax as though the employee claimed single with zero allowances.

It is not your responsibility to verify the accuracy of an employee's Form W-4, and unless the form is clearly invalid, there are no sanctions imposed against employers for withholding based on a Form W-4 containing false information. Employees, on the other hand, are subject to a penalty of \$500 for falsifying the Form W-4. (*IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2014.*)

► **SSN errors and omissions.** Clearly, if the employee does not complete all the lines on the Form W-4, particularly those requiring their name and SSN, the form is invalid and must be rejected. The Social Security Administration (SSA) considers an SSN or Taxpayer Identification Number (TIN) missing if it does not have nine numbers or if it includes an alpha character (i.e., a symbol other than an Arabic numeral); therefore, a Form W-4 under these circumstances should also be rejected.

As previously explained, when the Form W-4 is rejected, you withhold federal income tax based on the previous Form W-4 submitted by the employee. If none was submitted, withhold federal income tax as though the employee claimed single and zero allowances.

If the SSN shown on the Form W-4 is still missing or invalid at the time that Forms W-2 are issued, you could face a penalty for both the Form W-2 employee copy and the copy filed with the SSA unless you take further action.

These follow-up steps for obtaining a penalty waiver for missing or incorrect reporting of a name or SSN are explained in IRS Publication 1586, *Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TINs*:

- 1. IRS notice received concerning missing SSN.** If you receive a penalty notice based on a failure to include the employee's SSN on the Form W-2, and you seek a waiver of the penalty based on the failure of the employee to provide the SSN, the following steps demonstrate that you acted responsibly:
 - ▶ You can demonstrate that you made an initial solicitation for the SSN in person, by mail, electronically or by telephone at the time the employee began work. (For example, you can provide a copy of the Form W-4 provided by the employee with the missing or incorrect SSN.)
 - ▶ You made an annual solicitation for the employee's SSN during the same calendar year (or by January 31 of the following year for employees who began work during the preceding December). If you still did not receive a valid SSN, you made a second annual solicitation by December 31 of the year following the calendar year in which the employee began work. The annual solicitations may be made in person, by mail, electronically or by telephone.
- 2. IRS notice concerning invalid SSN.** If you receive a penalty notice based on a failure to include the correct SSN on the Form W-2, and you seek a waiver of the penalty based on the failure of the employee to provide the correct SSN, the following steps demonstrate that you acted responsibly:
 - ▶ You can demonstrate that you made the initial solicitation for the employee's correct SSN at the time the employee began work, and that you used the SSN provided by the employee (e.g., you have a copy of the Form W-4 originally filed by the employee wherein no SSN or an invalid SSN was provided).
 - ▶ Following receipt of an IRS notice, you made an annual solicitation for the correct SSN. If another IRS notice is received in a subsequent year, a second annual solicitation was made. The annual solicitations must be made by December 31 of the year in which the penalty notices are received (or by January 31 of the following year if the notice is received during the preceding December). Solicitations may be made by mail, telephone, electronically or in person. A solicitation is not required if no reportable payments will be made to the employee in that year. The SSN provided by the employee in response to a solicitation must be used by you on Forms W-2 due subsequent to receipt of the corrected SSN.

If you receive further IRS notices because of a missing or incorrect SSN after making two annual solicitations, you are not required to make further solicitations. Your initial and two annual solicitations demonstrate you acted responsibly before and after the failure, and they will establish reasonable cause under the regulations for abatement of penalty.

Ernst & Young LLP insights

In keeping with the requirements of rejecting a Form W-4 that is known to be false, you should require that employees check box 4 of the Form W-4 if the name on their Social Security card doesn't match the name entered on Form W-4. For instance, an employee who has recently married or divorced may have a discrepancy in the legal name as it appears on the Form W-4 as compared to the Social Security card. (IRC §3402(f)(2)(B); Form W-4, rev. 2014.)



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Top 10 Form W-4 questions asked most frequently in 2014

Continued

FAQ 6

How long does an employer have to implement changes in the Form W-4?

Facts. Some of our employees submit Form W-4 changes within days of payday and expect that we will process their changes immediately. How much lead time does the IRS allow?

Conclusions. Under IRS regulations, a revised Form W-4 must be put in effect no later than the start of the first payroll period ending on or after the 30th day from the date you received it. (*IRC §3402(f)(3)(B)(i)*; *IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2014.*)

Example. Employee Daniel submitted a revised Form W-4 to his employer on June 11, 2014. Daniel is paid semimonthly, on the 15th and the last day of the month. His employer must apply the changes on this Form W-4 no later than the first payroll period following July 11 (30 days following June 11), or in this case, no later than Tuesday, July 15, 2014.

FAQ 7

What special rules apply to the Form W-4 of a nonresident alien?

All employees working in the US, including nonresident aliens (NRAs), are required to submit a completed and signed Form W-4 to the employer. The procedures that apply for completing the Form W-4 differ for NRAs. Specifically, an NRA is required to:

- ▶ **Not claim exempt from federal income tax withholding.** Instead, an NRA who believes that wages will be exempt from FITW (e.g., a treaty exemption applies) is required to separately complete, sign and give to the employer [Form 8233, Exemption from Withholding on Compensation for Independent \(and Certain Dependent\) Personal Services of a Nonresident Alien Individual](#).
- ▶ **Request withholding at single with one allowance.** An NRA completes the Form W-4 checking single (regardless of marital status). Except for an NRA who is a resident of Canada, Mexico or South Korea, or a student or business apprentice from India, an NRA is also not allowed to claim more than one allowance. An NRA may claim zero allowances or additional withholding.
- ▶ **Write "NRA" above the dotted line on line 6 of Form W-4.** Employers using an electronic system for capturing Form W-4 information will need to include a field where employees check "NRA" when it applies.

Refer your employees to [IRS Notice 1392](#) for more information.

FAQ 8

Are there any regulatory or other compliance considerations that need to be taken into account when using an electronic system for gathering and retaining federal, state and local Form W-4 data?

Facts. We recently implemented an employee interactive voice response (IVR) system that interfaces with our HR system. Currently, employees can access the IVR system to make changes in their personal information (e.g., name, address, emergency contacts). The IVR system also contains a module that allows employees to make changes in their federal, state and local withholding allowance elections. Are there any compliance considerations we should consider before activating this module?

Conclusions. Electronic gathering and retrieval of Forms W-4 through such systems as employee self-service (ESS) are becoming a leading practice, not only because they relieve businesses of the burdens associated with paper record storage, but also for the benefits they provide for editing and flagging common Form W-4 errors. Before implementing an electronic Form W-4 system, there are a number of compliance issues to consider:

1. **IRS regulations.** Be certain that the electronic Form W-4 system is fully compliant with IRS regulations. (For more information on IRS requirements governing electronic retrieval and storage of Forms W-4, see T.D. 8706 and IRS Reg. §31.3402(f)(5)-1(c).)
2. **State and local regulations.** State and local requirements vary. Taxing jurisdictions that permit electronic Form W-4 systems generally follow the IRS regulations; however, there may be variations. Additionally, some states and localities do not as yet permit electronic systems, so employers in these states are required to collect and retain paper forms. Be certain that you have independently verified state and local requirements, and be prepared for exceptions that may necessitate supplementing the electronic system with a paper procedure.
3. **Is the system intuitive concerning the correct form to use?** Be certain to investigate the extent to which the system can identify when a special withholding allowance certificate is required. For instance, in some jurisdictions, a special form is used to claim exemption from withholding (e.g., Montana Form MRS, *Employee Certificate of Status Under the Military Spouses Residency Relief Act*).
4. **How is Form W-4 data retained?** It is important to know how the system stores Form W-4 data and for how long. For instance, does the system retain the full history of federal, state and local withholding allowance changes, and for how long does the system store this information?

5. **System updates.** How is the system updated to reflect changes in federal, state and local Form W-4 requirements? Keep in mind that even if a third-party electronic Form W-4 system provider is contracted to keep the rules current, you are ultimately liable; therefore, consider how you will independently “test” the system for compliance.

FAQ 9

Are we required to submit copies of certain withholding allowance certificates to the IRS or other income tax authorities?

Facts. Some of our employees claim they are exempt from federal or state income tax withholding, or they claim a large number of allowances. Are we required to submit copies or make any other notification to taxing authorities?

Conclusions. Once upon a time (prior to 2005), employers were required to submit copies of all Forms W-4 to the IRS on a quarterly basis in cases where the employee (1) claimed more than 10 personal allowances or (2) claimed to be exempt from withholding and normally earned more than \$200 per week. The IRS no longer requires the routine filing of Forms W-4. However, employers must submit copies of Forms W-4 for certain employees when the IRS requests them. When submitting copies of Forms W-4 to the IRS, you generally should complete boxes 8 and 10.

Although the IRS repealed the requirement to submit copies of certain Forms W-4, 24 state income tax authorities and the District of Columbia and Puerto Rico continue to impose this requirement, according to Ernst & Young LLP’s 2014 survey.

(See page 8 for Ernst & Young LLP’s 2014 survey of state withholding allowance certificate requirements.)

FAQ 10

Is it safe to assume that the Form W-4 applies for federal, state and local withholding tax purposes?

Facts. Our payroll system is set up such that the marital status, number of exemptions and additional withholding claimed for FITW purposes is automatically used for state and local withholding tax purposes. Is our system compliant with state and local laws?

Conclusions. It is not unusual for a payroll system to use a default approach such as the one described; however, it may not be compliant depending on the state and locality where an employee works or resides. For instance, Arizona specifically requires that the Arizona withholding allowance certificate be used. (For the Ernst & Young LLP February 2014 survey of state Form W-4 requirements, see page 8.)

IRS resources for Form W-4 and estimated tax payments

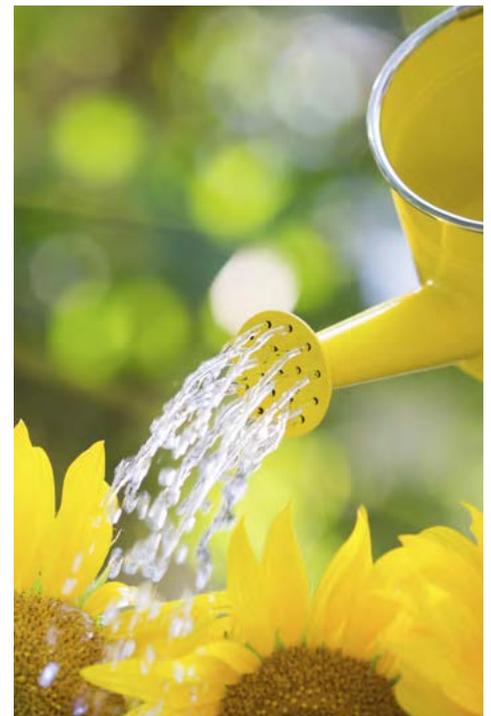
[Publication 213, You May Need to Check Your Withholding](#)

[Publication 505, Tax Withholding and Estimated Tax](#)

[Form W-4, Employee’s Withholding Allowance Certificate](#)

[Estimated Taxes](#)

[Withholding Tax Calculator](#)



Ernst & Young LLP's survey of state Form W-4 requirements

It is a common pitfall to assume that an employee's federal Form W-4 can also be used for state income tax withholding purposes. In fact, many states do not accept the federal Form W-4, instead requiring that a state-specific form be used. Additionally, the rules governing state (and local) income tax withholding do not always mirror the federal rules, and over- or underwithholding may result from using the federal Form W-4. The following is a 2014 survey conducted by Ernst & Young LLP of the state rules concerning use of the federal Form W-4 and other related state requirements. Changes from our 2013 survey are highlighted in yellow.

Note that 27 state income tax authorities including the District of Columbia and Puerto Rico require that certain copies of employee withholding certificates be filed with the state. If you outsource employment tax filing to a third party, be sure to confirm the extent to which you are assisted in complying with this filing requirement.

State withholding allowance certificate requirements (as of February 2014)

State	State withholding allowance certificate form number	State requires copies of certain employee withholding allowance certificates to be filed with the state	Use of state form	Additional information
Alabama	A-4	Yes	Required	The number of exemptions claimed must not exceed the number to which the employee is entitled. Overstating the number of exemptions allowed on the Form A-4 can result in a \$500 penalty.
Arizona	A-4		Required	
Arkansas	AR-4EC		Required	
California	DE-4	Yes	Optional; federal Form W-4 may also be used	Federal Form W-4 is normally used for California personal income tax withholding. However, if an employee wants to claim a different marital status and/or a different number of allowances than are claimed for federal withholding purposes, the employee should file the state Form DE-4. If the state withholding allowance certificate is not filed, state income tax withholding is based on the federal Form W-4. If the employee files a Form DE-4, the employer must use the DE-4 when calculating California personal income tax withholding.
Colorado	None	Yes	Use federal Form W-4	
Connecticut	CT-W4	Yes	Required	
Delaware	None	Yes	Use federal Form W-4	If the number of federal and state exemptions differs, the employee must separately indicate the number of state exemptions with the phrase "for state of Delaware purposes." In the event that an employee needs additional state withholding tax withheld, Delaware Worksheets W-4NR and SD/W-4A are available for nonresidents and residents, respectively, to help them calculate the additional tax to be withheld.
District of Columbia	D-4	Yes	Required	
Georgia	G-4	Yes	Required	If the employee fails to provide Georgia Form G-4, the employer can use the information contained on federal Form W-4 if it is sufficient to allow for the calculation of state income tax withholding. If sufficient information is not available, the employer should calculate withholding as if the employee is single with zero allowances.

State	State withholding allowance certificate form number	State requires copies of certain employee withholding allowance certificates to be filed with the state	Use of state form	Additional information
Hawaii	HW-4	Yes	Required	
Idaho	None	Yes (if employer suspects that employee has claimed an incorrect number of exemptions)	Use federal Form W-4	Idaho employee allowances can be equal to or less than the federal allowances. If the state allowances are less, Idaho employees can either note that on their one W-4 or use a separate one marked as their state copy.
Illinois	IL-W-4	Yes	Required	State income tax is based on the number of exemptions, not marital status.
Indiana	WH-4		Required	State income tax is based on the number of exemptions, not marital status.
Iowa	IA W-4	Yes	Required	State income tax is based on the number of exemptions, not marital status.
Kansas	K-4		Required	All new employees and former employees wishing to adjust state withholding must use Form K-4 for state income tax withholding purposes.
Kentucky	K-4		Required	State income tax is based on the number of exemptions, not marital status.
Louisiana	L-4	Yes	Optional; federal Form W-4 may also be used	State income tax is based on the number of exemptions, not marital status. By agreement between the employee and the employer, federal Form W-4 may be used, but the employer is responsible for properly determining the employee's exemptions and credits under state law.
Maine	W-4ME	Yes	Required	An employee may claim a greater number of allowances for state purposes than he or she does for federal purposes by obtaining a Withholding Exemption Variance Certificate from Maine Revenue Services. The certificate must be renewed each year by December 31. Because of differences between Maine income tax law and the federal Internal Revenue Code (e.g., the federal child credit), all new employees or those changing their federal Form W-4 must complete the W-4ME.
Maryland	MW 507	Yes	Required	As long as the number of withholding exemptions claimed by the employee does not exceed the number he or she is entitled to under the law, the total exemptions shown on the MW 507 do not have to agree with the total shown on the federal Form W-4.
Massachusetts	M-4	Yes (if the employer believes too many exemptions were claimed)	Optional; federal Form W-4 may also be used	State income tax is based on the number of exemptions, not marital status. The state withholding allowance certificate may be used if state exemptions differ from federal. Per Form M-4 instructions, if the same number of exemptions is claimed for state and federal purposes, employees should use federal Form W-4 and not Form M-4.
Michigan	MI-W4	Yes	Required	State income tax is based on number of exemptions, not marital status.

Ernst & Young LLP's survey of state Form W-4 requirements

Continued

State	State withholding allowance certificate form number	State requires copies of certain employee withholding allowance certificates to be filed with the state	Use of state form	Additional information
Minnesota	W-4MN	Yes	Required under certain circumstances; use federal Form W-4 in most cases	<p>If the employee chooses the same number of Minnesota allowances as federal and the number claimed is 10 or fewer, also use the same number of allowances that is reported on Form W-4 to determine the employee's Minnesota withholding. There is no need for the employee to complete a separate form for Minnesota purposes. However, the employee must provide you with a completed Form W-4MN, <i>Minnesota Employee Withholding Allowance/Exemption Certificate</i>, if the employee:</p> <ul style="list-style-type: none"> ▶ Chooses to claim fewer Minnesota withholding allowances than for federal purposes ▶ Chooses to claim more than 10 Minnesota withholding allowances ▶ Requests additional Minnesota withholding to be deducted each pay period <p>Or</p> <ul style="list-style-type: none"> ▶ Claims to be exempt from Minnesota income tax withholding and the employee qualifies by meeting one of the requirements listed in the instructions for Form W-4MN
Mississippi	89-350	Yes (if the employer believes the employee claimed too many exemptions)	Required	
Missouri	MO W-4		Required	
Montana	None	Yes	Use federal Form W-4	If the number of state and federal exemptions differs, the form should be marked "For state purposes only." The state does not recognize an "exempt" status on Form W-4. Employers should withhold for state purposes based on the value of line 5 of the Form W-4 only. Exemption from Montana income tax withholding is not allowed.
Nebraska	None		Use federal Form W-4	The employer may not accept one Form W-4 for federal withholding and another one for state purposes.
New Jersey	NJ-W4		Optional; federal Form W-4 may also be used	In some cases, a federal Form W-4 is not accurate for state withholding purposes and an NJ-W4 should be filed.
New Mexico	None		Use federal Form W-4	The employee may submit a separate Form W-4 marked "For New Mexico state withholding only" if a different number of allowances for state purposes is desired.
New York	IT-2104	Yes	Optional; federal Form W-4 may also be used	Employees must file an IT-2104 if they claim exemptions other than those claimed for FITW purposes, or if they claimed exemptions for federal credits on Form W-4.

State	State withholding allowance certificate form number	State requires copies of certain employee withholding allowance certificates to be filed with the state	Use of state form	Additional information
North Carolina	NC-4/NC-4 EZ	Yes	Required	Legislation effective for taxable years beginning on or after January 1, 2014, provides that all taxpayers will pay a lower rate and be granted a higher standard deduction. Taxpayers may no longer claim a personal exemption for themselves or any qualifying dependents. Additionally, many deductions and tax are no longer available. As a result, all employees must provide a revised Form NC-4 (or new Form NC-4 EZ) for wages paid on and after January 1, 2014.
North Dakota	None		Use federal Form W-4	
Ohio	IT-4	Yes (if employer receives an improper exemption certificate)	Required	State income tax is based on number of exemptions, not marital status. Employees may not claim exemption from Ohio income tax withholding.
Oklahoma	None		Use federal Form W-4	
Oregon	None	Yes	Use federal Form W-4	The exemptions on Form W-4 should not be used if the employee claims exempt status for state withholding tax only. If the number of federal and state exemptions differs, the employee should prepare two separate Forms W-4, with the one designated as the state form marked "For Oregon only."
Pennsylvania	None		N/A	Pennsylvania has no equivalent to the federal Form W-4. Personal exemptions, standard deductions or dependent credits are not allowed.
Puerto Rico	499 R-4.1	Yes	Required	An employee whose gross annual salary does not exceed \$20,000 will not be subject to the withholding of income tax at source upon such wages. Nevertheless, the employee may elect for an amount to be withheld by indicating so on Form 499 R-4.1, <i>Withholding Exemption Certificate</i> .
Rhode Island	RI W-4		Optional; federal Form W-4 may also be used	In computing the Rhode Island withholding for employees, the employer may rely on federal Form W-4. Employees electing additional federal withholding may elect additional Rhode Island withholding. Employees electing additional Rhode Island withholding should do so on Form RI W-4.
South Carolina	None	Yes	Use federal Form W-4	The employee can claim a smaller number of exemptions than those claimed for federal purposes but not a larger number. If the number of exemptions for federal and state is not the same, a separate federal Form W-4 should be filed with the employer and marked "For state purposes."
Utah	None		Use federal Form W-4	

Ernst & Young LLP's survey of state Form W-4 requirements

Continued

State	State withholding allowance certificate form number	State requires copies of certain employee withholding allowance certificates to be filed with the state	Use of state form	Additional information
Vermont	W-4VT		Optional; federal Form W-4 may also be used	Filing a state certificate may be required if the federal Form W-4 does not reflect the number of exemptions permitted by state law. Employees who have entered into civil unions will not have the correct Vermont tax withheld unless they complete state Form W-4VT. If a federal Form W-4 used for state purposes indicates an additional amount of federal withholding on line 6, state withholding should be increased by 24% of the extra federal withholding.
Virginia	VA-4	Yes (if the employer believes too many exemptions were claimed)	Required	State income tax is based on number of exemptions, not marital status.
West Virginia	WV/IT-104		Optional; federal Form W-4 may also be used	State income tax is based on number of exemptions, not marital status. Filing a state certificate may be required if the federal Form W-4 does not reflect the number of exemptions permitted by state law.
Wisconsin	WT-4	Yes	Optional; federal Form W-4 may also be used	If Form WT-4 is used to comply with the state's new hire reporting requirements, employees must use this form. In addition, filing a state certificate may be required if the federal Form W-4 does not reflect the number of exemptions permitted by state law. Form W-4 cannot be used to claim complete exemption from Wisconsin withholding.

Much of the information in this survey was obtained through review of state revenue department administrative guides or informational telephone or email surveys with state governmental agencies. Although state administrative guides, telephone and email surveys are useful in determining how government departments currently treat an issue, answers and positions derived from such sources are not binding upon the state, cannot be cited as precedent and may change over time, hence they cannot be relied upon.

Ernst & Young LLP employment tax advisory contacts

Mary Angelbeck
mary.angelbeck@ey.com
+1 215 448 5307

Anthony Arcidiacono
anthony.arcidiacono@ey.com
+1 732 516 4829

Peter Berard
peter.berard@ey.com
+1 212 773 4084

Gregory Carver
gregory.carver@ey.com
+1 214 969 8377

Bryan De la Bruyere
bryan.delabruyere@ey.com
+1 404 817 4384

Jennie DeVincenzo
jennie.devincenzo@ey.com
+1 732 516 4572

Richard Ferrari
richard.ferrari@ey.com
+1 212 773 5714

David Germain
david.germain@ey.com
+1 516 336 0123

Julie Gilroy
julie.gilroy@ey.com
+1 312 879 3413

Mary Gorman
mary.gorman@ey.com
+1 202 327 7644

Ken Hausser
kenneth.hausser@ey.com
+1 732 516 4558

Nicki King
nicki.king@ey.com
+1 214 756 1036

Kristie Lowery
kristie.lowery@ey.com
+1 704 331 1884

Thomas Meyerer
thomas.meyerer@ey.com
+1 202 327 8380

Chris Peters
christina.peters@ey.com
+1 614 232 7112

Matthew Ort
matthew.ort@ey.com
+1 214 969 8209

Stephanie Pfister
stephanie.pfister@ey.com
+1 415 894 8519

Debera Salam
debera.salam@ey.com
+1 713 750 1591

Debbie Spyker
deborah.spyker@ey.com
+1 720 931 4321

Mike S. Willett
mike.willett@ey.com
+1 404 817 4637

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