

Federal and state Form W-4 compliance in 2025

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Federal and state Form W-4 compliance in 2025

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Now that most employees have filed their 2024 personal income tax returns, employers can expect an increase in withholding tax questions and rise in adjustments to Forms W-4.

In this special report, we review the employer's obligations for processing federal **Form W-4** changes and provide a handy reference chart of the state rules that apply in 2025.

Included in this special report:

- Form W-4 frequently asked questions
- Compliance with lock-in letters
- Special instructions for US nonresident aliens
- IRS Form W-4 regulations
- State Form W-4 compliance in 2025
- Form W-4 top 10 tips
- 2025 state Form W-4 survey
- 2025 state Form W-4 heat map

Federal and state Form W-4 compliance in 2025

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Top 10 Form W-4 tips for 2025	
1	Don't accept Forms W-4 that are invalid
2	Know what to do when there is no Form W-4 or state equivalent on file
3	You have 30 days to make federal Form W-4 changes
4	Be sure to retain a history of Form W-4 changes
5	Remember that IRS lock-in letters generally supersede the Form W-4
6	Always compare the name on the Form W-4 with the employer's Form W-2 files
7	Remember that US nonresident aliens are subject to special Form W-4 rules
8	Be certain to obtain the applicable state nonresident certificate before excluding wages from nonresident income tax withholding
9	File state withholding allowance certificates when and where required
10	Don't assume the federal Form W-4 is used for state income tax withholding purposes (see our survey on page 21)

Federal changes to the Form W-4

Under the Tax Cuts and Jobs Act (TCJA) and effective January 1, 2018, and through December 31, 2025, the personal exemption deduction is suspended; however, the law allowed the IRS to administer the federal income tax withholding rules under IRC §3402 without regard to this provision for tax years beginning before January 1, 2019. ([TCJA §11041](#).)

The IRS issued an extensively modified draft Form W-4 for use in 2019; however, it announced that due to feedback from payroll and tax professionals, it delayed extensive changes to the form until 2020. Like 2018, the 2019 Form W-4 continued to contain line 5 on which employees could claim withholding allowances.

In [IR-2019-98](#), the IRS issued the first draft release of the Form W-4 for 2020 and frequently asked questions (FAQs) for employers and employees about the revisions to the form. The final Form W-4 was released in December 2020 with only minor changes.

Starting in 2020, the name of the Form W-4 was changed from *Employee's Withholding Allowance Certificate* to *Employee's Withholding Certificate* to account for the fact that personal allowances are not claimed on the form for 2020 through 2025.

▪ **IRS withholding estimator for employees:**

In [IR-2019-139](#) the IRS announced the availability of its [Tax Withholding Estimator](#) to assist employees in confirming that the information on their Form W-4 will result in federal income tax withholding that more closely approximates the federal income tax they will owe for the year.

This mobile-friendly tool allows users to provide details about their estimated income from most sources and the tax credits and itemized deductions they plan to claim. This tool automatically determines how the Form W-4 should be completed based on the information provided by the user and includes a link to download the Form W-4 for completion and submission to the employer.

▪ **Form W-4 changes:**

In addition to the elimination of personal allowances on the 2020 Form W-4, other changes were made to incorporate other aspects of the TCJA and to better streamline the form for more accurate federal income tax withholding.

The following is a comparison of the 2019 Form W-4 and Form W-4 effective for 2020 and later years.

Form W-4 fields: 2019 compared to 2020 and later years

2019 Form W-4	2020 and later Form W-4
Form W-4, Marital status	
	Step 1:
Single	Single or married filing separately
Married	Married filing jointly (or qualifying widow(s))
	Head of household
Married but withhold at a higher single rate	
Form W-4, Personal allowances and other credits	
Total number of allowances you're claiming (from the applicable worksheet on the following pages)**	Step 2: * Check box 2 if multiple jobs and/or married filing jointly and spouse also works. (Step 2C is comparable to the 2019 marital status of "married but withholding at a single rate")*
** Note that the 2020 standard withholding rate schedule in Publication 15-T will compute the correct income tax withholding using personal allowances claimed on the Form W-4 using a 2020 annual value of \$4,300	Step 3: Claim dependent exemption (for 2020, \$2,000 for qualifying children under 17 and \$500 for other dependents)*
Form W-4, Other adjustments	
Line 6: Additional amount, if any, you want withheld from each paycheck	Step 4: Enter any additional tax you want withheld each pay period including any amount from Step 2
Line 7: Claim exempt from federal income tax withholding (if nonresident alien write "NRA")	Below Step 4(c):
	Write "Exempt" to have no income tax withheld from pay
	Nonresident aliens write "NRA"
	Step 4 additional fields:*
	4(a). Other income. Enter the amount of other income you expect this year that won't have withholding.*
	4(b). Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet and enter the result.*

* For employees who have not submitted a 2020 Form W-4, treat these fields as having no data.



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Form W-4 frequently asked questions

- **How do I treat employees hired after 2019 who do not submit a Form W-4?**

New employees who fail to submit a Form W-4 after 2019 will be treated as a single filer with no other adjustments. This means that a single filer's standard deduction with no other entries will be considered in determining withholding. The IRS and the Treasury Department anticipate issuing guidance consistent with this approach.

- **Are employees hired after 2019 required to use the redesigned form?**

Yes. Beginning in 2020, all new employees must use the redesigned form. Similarly, any employees hired prior to 2020 who wish to adjust their withholding must use the redesigned form.

- **What about employees hired prior to 2020 who want to adjust withholding from their pay dated January 1, 2020, or later?**

Employees must use the redesigned form.

- **May I ask all my employees hired before 2020 to submit new Forms W-4 using the redesigned version of the form?**

Yes. You may ask, but as part of the request you should explain that they are not required to submit a new Form W-4 and if they do not submit a new Form W-4, withholding will continue based on a valid Form W-4 previously submitted.

For employees who furnished forms before 2020 and who do not furnish a new one after 2019, you must continue to withhold based on the Form W-4 previously submitted. You are not permitted to treat employees as failing to furnish Forms W-4 if they don't give you a Form W-4 for tax years 2020 or later. Note, however, that if any employee claimed exemption from federal income tax withholding in 2020, they were required to give their employer a 2021 Form W-4 by February 16, 2021.

- **What should the employer do if an employee submits a substitute Form W-4 that does not comply with the IRS official form?**

Employers must refuse to accept a substitute form developed by an employee. An employee submitting such a form will be treated as failing to furnish a Form W-4.

Further, any alteration of a Form W-4 (e.g., crossed-out penalties of perjury statement above the signature) will also cause the Form W-4 to be invalid. If an employer receives an invalid Form W-4, the employee will also be treated as failing to furnish a Form W-4.

In both cases, the employer must inform the employee that the Form W-4 is invalid and must request another Form W-4 from the employee. Until the employee furnishes a new Form W-4, the employer must withhold from the employee as from a single person with no adjustments to withholding. If, however, a prior Form W-4 is in effect for the employee, the employer must continue to withhold based on the prior Form W-4. ([FAQ 7 and 8, Withholding Compliance Questions & Answers.](#))

- **If an employee submits a Form W-4 claiming exempt from withholding, do I still use the flat tax rates of 22% or 37%?**

If the employee's supplemental wages for the year are less than \$1m and the employee has submitted a Form W-4 claiming exemption from withholding, you do not withhold any federal income tax. On the other hand, if the employee's supplemental wages are more than \$1m, you must withhold at a flat 37% regardless of any Form W-4 claiming exemption.

Compliance with lock-in letters

Due to the significant revamp of the Form W-4 in 2020, the IRS published to its website frequently asked questions (FAQs) that provide updated guidance about compliance with lock-in letters for federal income tax withholding. The IRS also has an information page, [Understanding Your Letter 2800C](#).

- **Employer obligations pursuant to a lock-in letter:**

If the IRS determines that an employee's federal income tax withholding is insufficient, it will issue a lock-in letter to the employer that stipulates the withholding arrangement for the employee. The employer will also receive an employee copy that includes information the employee can provide to the IRS to change the withholding arrangement. Employers are required to furnish the employee copy to active employees (but not terminated employees).

If the employee is terminated at the time of receiving the lock-in letter, the withholding arrangement in the lock-in letter must be implemented by the employer if the employee returns to work for up to 12 months after its receipt.

The employer must implement the withholding arrangement no sooner than 60 calendar days after the date of the lock-in letter, giving the employee time to communicate with the IRS. Once a lock-in rate is effective, an employer cannot decrease withholding unless approved by the IRS. ([FAQ 1, Withholding Compliance Questions & Answers](#).)

According to the final regulations in [TD 9924](#), employers are not required to notify the IRS that they no longer employ an employee for whom a lock-in letter was issued.

- **The same withholding tables are used for lock-in letters received before and after January 1, 2020**

The same set of withholding tables is used for income tax withholding whether the lock-in letter was received before or after January 1, 2020. Accordingly, employers can use a single system based on the modified Form W-4.

See [Publication 15-T](#), Worksheet 1. *Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems* for additional information. Additionally, the Income Tax Withholding Assistant for Employers is available to assist in the calculations. ([FAQ 2, Withholding Compliance Questions & Answers](#).)

- **What to do if an employee submits a revised Form W-4 after the employer implements the lock-in letter**

If the revised Form W-4 received from the employee results in more withholding than specified in the lock-in letter, employers must honor the Form W-4. If the revised Form W-4 results in less withholding, employers must withhold based on the lock-in letter. Employers are asked to encourage employees to contact the IRS to request a modification to the lock-in letter. If the employee's request is approved, the IRS will issue a modification letter to the employer with instructions to withhold at a specific rate. ([FAQ 3, Withholding Compliance Questions & Answers](#).)

- **Effective date of IRS lock-in ("modification" letter (letter 2808C))**

If an employer receives a modification letter for an existing withholding arrangement, the modification is effective immediately (and not 60 days later). ([FAQ 4, Withholding Compliance Questions & Answers](#).)

- **Employer consequences for failing to implement a lock in letter**

If an employer fails to comply with the IRS lock-in letter instructions, it is liable for the payment of any federal income tax that should have been withheld but was not. ([FAQ 5, Withholding Compliance Questions & Answers](#).)

- **Special considerations for electronic Form W-4 systems**

The IRS cautions that if employees can change their Form W-4 using an electronic/online system, employers will need to block employees from decreasing their withholding if they are subject to a lock-in letter. ([FAQ 6, Withholding Compliance Questions & Answers](#).)

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- **The IRS will use alternative methods for monitoring employee withholding in the absence of employers routinely submitting copies of certain Forms W-4**

The IRS will be making more effective use of information contained in its records along with information reported on Form W-2 wage statements to confirm that employees have enough federal income tax withheld. Individuals who have insufficient income tax withholding are subject to penalties. ([FAQ 9, Withholding Compliance Questions & Answers.](#))



- **Redesign of lock-in letters**

The Withholding Compliance Lock-In Letters 2800C and 2808C were redesigned to include the new lock-in rate instructions. Instead of providing the employer with the number of personal allowances by which withholding is reduced, the letters provide employers with the withholding status and withholding rate and any annual reductions to withholding or additional amount to withhold per pay period as a dollar value.

Note that final regulations under [TD 9924](#) do not require the IRS to reissue lock-in letters or modification notices solely because of the redesigned Form W-4.

The format shown below is what the withholding instructions will look like on the redesigned 2800C lock-in letter:

Sample redesigned lock-in letter (2800C)

Withholding status (Filing status): Single

Withholding rate: Form W-4, Step 2(C), Checkbox (higher withholding rate)

Annual reductions from withholding (Form W-4 line 3): \$0.00

Other income (Form W-4 line 4(a)): \$0.00

Deductions (Form W-4 line 4 (b)): \$0.00

Additional amount to withhold per paycheck (Form W-4 line 4(c)): \$0.00

Sample redesigned lock-in letter (2808C)

Withholding status (Filing status): Single (or Married or Head of Household)

Withholding rate: Standard withholding rate

Annual reductions from withholding (Form W-4 line 3): \$0.00

Other income (Form W-4 line 4(a)): \$0.00

Deductions (Form W-4 line 4 (b)): \$0.00

Additional amount to withhold per paycheck (Form W-4 line 4(c)): \$0.00

Special instructions for US nonresident aliens

Nonresident alien employee instructions for completing the Form W-4 are contained in [IRS Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens](#). IRS Notice 1392 is updated to reflect the significant changes made to the Form W-4.

Following are the changes to note:

- **Adjustment to taxable wages for standard deduction.** Nonresident aliens cannot claim the standard deduction. The benefits of the standard deduction are included in the existing wage withholding tables published in Publication 15-T, and because nonresident aliens may not claim the standard deduction, employers are instructed to withhold an additional amount from a nonresident alien's wages. There are two tables within Publication 15-T for this purpose – one table for employees with Forms W-4 submitted before January 1, 2020, and another table for employees with Forms W-4 submitted on and after January 1, 2020.

Note that a special rule applies to nonresident alien students from India and business apprentices from India who are eligible for the benefits of Article 21(2) of the United States-India income tax treaty. Employers are not required to withhold an additional amount for the standard deduction from the wages of these individuals, as they may be entitled to claim the standard deduction. (See Publication 15-T and Publication 519 for more information.)

Add the amounts in either Table 1 or Table 2 to employees' wages for calculating income tax withholding. (Nonresident alien students and business apprentices from India aren't subject to this procedure.)

US Nonresident Alien Withholding Adjustments for 2025

Table 1: No Form W-4 for 2020 or later on file	
Payroll period	Add additional
Daily or miscellaneous	\$ 41.20
Weekly	\$ 205.80
Biweekly	\$ 411.50
Semimonthly	\$ 445.80
Monthly	\$ 891.70
Quarterly	\$ 2,675.00
Semiannually	\$ 5,350.00
Annually	\$ 10,700.00

Table 2: Form W-4 for 2020 or later is on file	
Payroll period	Add additional
Daily or miscellaneous	\$ 57.70
Weekly	\$ 288.50
Biweekly	\$ 576.90
Semimonthly	\$ 625.00
Monthly	\$ 1,250.00
Quarterly	\$ 3,750.00
Semiannually	\$ 7,500.00
Annually	\$ 15,000.00

- **Step 1(c): Personal Information.** Nonresident aliens must check the single or married filing separately box, regardless of their actual marital status.
- **Step 3: Claim Dependents.** Only certain nonresident aliens should use Step 3. Nonresident aliens from Canada, Mexico, South Korea or India may be able to claim the child tax credit or the credit for other dependents. (See [Publication 519](#) and [Publication 972](#) for more information.) Nonresident aliens are generally not entitled to education credits. (See Publication 519 for more information.)
- **Step 4(b).** Nonresident alien itemized deductions and adjustments to income may be limited. If nonresident alien employees expect to claim itemized deductions and/or adjustments to income (such as the student loan interest deduction), they are instructed to add their itemized deductions and adjustments to income and enter the amount in Step 4(b).
- **Step 4(c).** Write "nonresident alien" or "NRA" in the space below Step 4(c). If nonresident aliens would like to have an additional amount withheld, they are instructed to enter the amount in Step 4(c).
- **Exempt from withholding.** Nonresident alien employees are instructed to not claim that they are exempt from withholding in the space below Step 4(c) of Form W-4 (even if they meet both conditions to claim exemption from withholding listed in the instructions to the Form W-4).

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IRS Form W-4 regulations

In [REG-132741-17](#), the IRS issued proposed regulations incorporating changes made to the Form W-4, *Employee's Withholding Certificate*, and related federal income tax withholding computations under the Tax Cuts and Jobs Act as well as other modifications the IRS made in 2020 to streamline and improve withholding elections for taxpayers. For the benefit of employees, the proposed regulations also set forth the circumstances under which various Form W-4 elections apply and the amount of time employees are given to submit Forms W-4 to their employers under various scenarios. Final regulations were issued in [TD 9924](#).

The regulations generally document information the IRS has already published in notices, on its website and in the 2020 editions of Form W-4, Publication 15 and the new Publication 15-T; however, the following arise as items of interest for employers:

- **Name of Form W-4.** The regulations clarify that the name assigned to the new Form W-4, *Employee's Withholding Certificate*, has the same meaning as *Employee's Withholding Allowance Certificate* in IRC §3402(f)(2) and IRC §3402(f)(5).
- **Requiring employees to use a Form W-4 from 2020 or later years.** An employer may ask all employees first paid wages before 2020 to furnish a 2020 Form W-4, but in connection with the request the employer should explain that (1) employees are not required to furnish a new Form W-4, and (2) if the employee does not furnish a 2020 Form W-4, the amount of tax to be withheld from the employee's wages will continue to be based on the last valid Form W-4 previously furnished.

Mandatory use of the Form 2020 Form W-4 applies only to employees who (1) are first paid wages on and after January 1, 2020, (2) are changing their withholding elections on and after January 1, 2020, or (3) claimed exemption from withholding in 2019.
- **Limitations on Forms W-4 requesting additional withholding.** In addition to specifying an additional amount to withhold from wages, employees may request that an additional amount be added to wages on Form W-4 so that the employer may withhold an additional amount of income tax resulting from this addition under the computational procedures prescribed by the IRS in forms, instructions, publications and other guidance for the calendar year for which the Form W-4 is in effect. In addition, these proposed regulations provide that an employee may request an additional amount, not otherwise required, to be withheld from the employee's wages by selecting higher withholding rate tables.
- Under the final regulations, an employer must comply with the employee's request for additional withholding made on a valid Form W-4 but only after the employer has withheld all amounts otherwise required to be withheld by federal law, state law and local law (other than by state or local law that provides for voluntary withholding).

▪ **Requirement to use Form W-4 for the correct calendar year.**

The final regulations state that unless provided otherwise in forms, instructions, publications or other guidance prescribed by the IRS, only the Form W-4 revision in effect for a calendar year may be furnished by an employee in that calendar year and given legal effect by the employer as a new Form W-4 or to replace a previously furnished Form W-4. However, an employee may furnish a Form W-4 revision in one calendar year for the next calendar year.

Example 1. Employee Anthony furnishes a 2024 Form W-4 to his employer in calendar year 2025. The 2024 Form W-4 Anthony furnished in 2025 has no legal effect. Anthony's employer must disregard this 2024 Form W-4 furnished in 2025 and continue to withhold based on a previously furnished Form W-4 that has been in effect for Anthony, if any. If Anthony has no Form W-4 in effect, he is treated as having no valid withholding allowance certificate.

Example 2. Employee Susan furnishes a 2025 Form W-4 to her employer in calendar year 2024 to take effect in calendar year 2025. The 2025 Form W-4 is valid, and Susan's employer must put this form in effect in 2025 in accordance with the timing rules in Reg. §31.3402(f)(3)-1.

Employee additions to Form W-4 that do not cause the form to be invalid. An entry "Exempt" on a Form W-4 for 2020 or later years in the space below Step 4(c) is not an unauthorized addition because this entry is permitted by the Form W-4 instructions. Similarly, an entry on the Form W-4 indicating an employee is a nonresident alien individual is not an unauthorized addition because this entry is permitted by Notice 1392. The final regulations clarify, however, that an entry claiming exemption from withholding that is accompanied by any other entry on the Form W-4 (other than the employee's filing status) that could potentially affect the amount of income tax withheld from the employee's pay (i.e., an entry on Step 2, Step 3 or Step 4 of the Form W-4) is an unauthorized addition and, thus, a Form W-4 that includes such an entry is invalid.



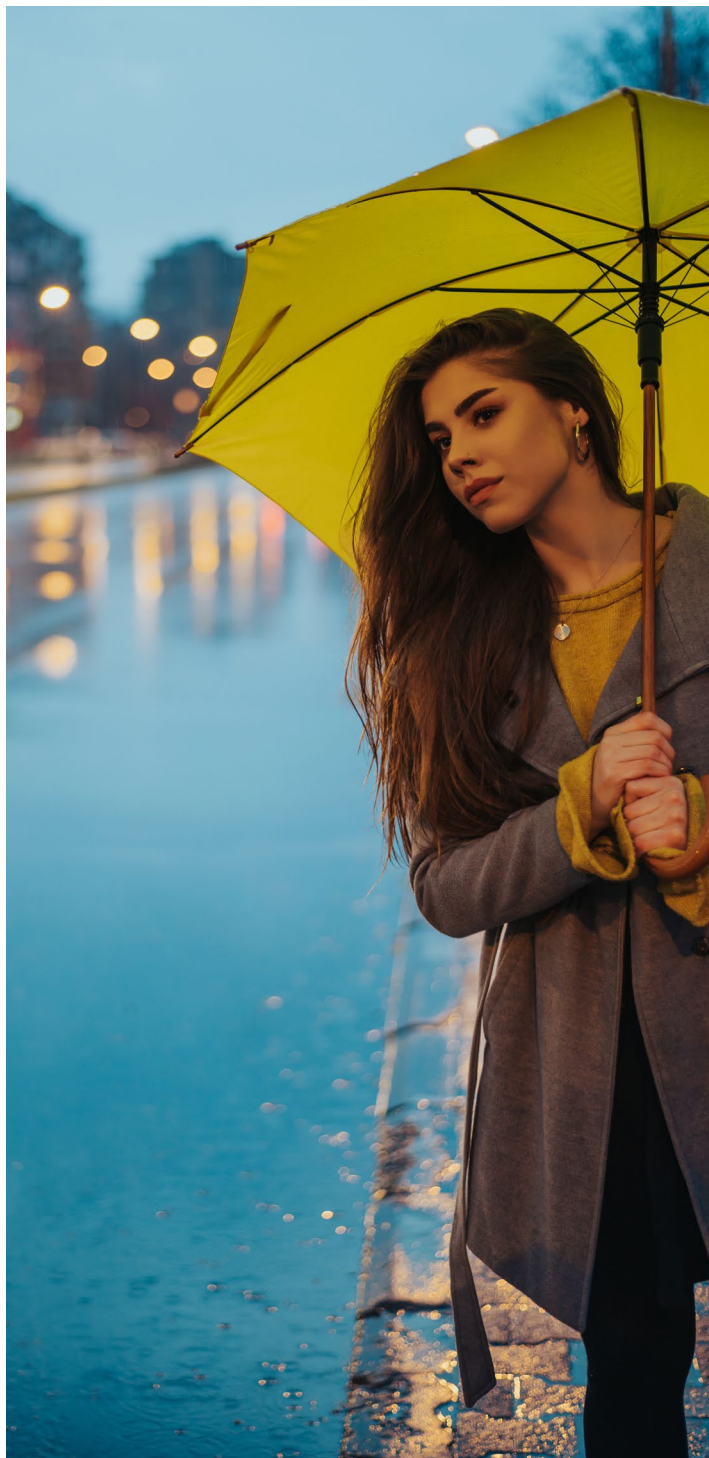
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- **Employee Social Security Number (SSN) is required on Form W-4.** Employees must provide their full SSN on the Form W-4. A truncated SSN is not allowed.
- **Assumption if no valid Form W-4 on file.** If there is no valid Form W-4 on file for an employee, for income tax withholding purposes, the employer must treat that employee as if he/she checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4.
- **When employers must put Forms W-4 into effect.** The final regulations reiterate existing statutory law concerning the period during which employers must put an employee's Form W-4 submission into effect.

When there is no withholding allowance certificate in effect for a particular employee, and the employee furnishes a withholding allowance certificate to the employer, the employer must put the certificate into effect as of the beginning of the first payroll period ending after the date the certificate is furnished. If the payment of wages is made without regard to a payroll period, the employer must put the withholding allowance certificate into effect as of the first payment of wages after it is furnished.

If the employer has a valid withholding allowance certificate in effect with respect to a particular employee, and the employee furnishes a withholding allowance certificate to take effect during the calendar year, the employer must put the certificate into effect as of the beginning of the first payroll period ending (or the first payment of wages made without regard to a payroll period) on or after the 30th day after the day on which the certificate is furnished. An employer may elect to put a withholding allowance certificate into effect earlier but no earlier than on or after the day the withholding allowance certificate is furnished. An employer may not put into effect a withholding allowance certificate that is furnished to take effect in the next calendar year until the next calendar year.



- **Lock-in letters.** As previously announced in [Notice 2018 92](#), the IRS confirms that employers are no longer required to notify the IRS if an employee subject to a lock-in letter has been terminated.
- **Single but withhold at a higher single rate vs. married taxpayer filing jointly.** For married taxpayers filing jointly with two jobs held concurrently, the effect of checking the box on the 2020 or later Form W-4 in Step 2(c) is similar to selecting “Married but withhold at a higher single rate” on the 2019 Form W-4.
- **Content moved from Publication 15 to new Publication 15 T.** Percentage method tables, wage bracket withholding tables, discussion on alternative withholding methods and Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members that were formerly published in Publication 15 (Circular E), *Employer’s Tax Guide*, Publication 15-A, *Employer’s Supplemental Tax Guide*, and Publication 51, *Agricultural Employer’s Tax Guide*, are now published in Publication 15-T, *Federal Income Tax Withholding Methods*.

However, starting in 2020, the IRS discontinued publishing Formula Tables for Percentage Method Withholding (for Automated Payroll Systems), Wage Bracket Percentage Method Tables (for Automated Payroll Systems), and Combined Federal Income Tax, Employee Social Security Tax and Employee Medicare Tax Withholding Tables.
- **Discontinuation of Notice 1036, *Early Release Copies of the Percentage Method Tables for Income Tax Withholding*.** Effective in 2020, the IRS posts information previously included in Notice 1036 in early drafts of Publication 15 and Publication 15-T.

State Form W-4 compliance in 2025

In response to the TCJA and the significant changes the IRS made to the Form W-4, only three states (New Mexico, North Dakota and Utah) continue to use the federal Form W-4 exclusively for state income tax withholding purposes. Most states with a personal income tax now have their own unique version of Form W-4 and most of these states do not accept the federal Form W-4 as an alternative to the state form. Some states disallow use of the federal Form W-4 effective with employees who were first hired on and after January 1, 2020.

See the heat map on page [30](#).

Considering that the federal Form W-4 no longer includes the option of claiming personal allowances, employers should encourage employees to use a state Form W-4 when one is available, particularly in states that require use of the state form and/or continue to use personal allowances in the income tax calculation.

Ernst & Young LLP’s May 2025 survey results of those states that require the use of a state withholding allowance certificate are shown on page [21](#).

- **Submitting withholding allowance certificate copies to taxing authorities.** Although the IRS repealed the requirement in 2005 to submit copies of certain Forms W-4 on a quarterly basis, in 2025, 26 income tax jurisdictions continue to impose a similar requirement: Alabama, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Virginia, West Virginia and Wisconsin.
- **Special withholding allowance certificates may apply.** Note that some states (even those that allow use of the federal Form W-4) may have special state withholding allowance certificates. For instance, most states require a special certificate for employees claiming to be exempt from state income tax withholding (e.g., New York [Form IT-2104-E](#)), and some, such as North Carolina, require a separate withholding allowance certificate for US nonresident aliens. Further, nonresident certificates are almost always required to claim exemption from nonresident state income tax withholding under a state reciprocal agreement.

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Form W-4 top 10 tips

Tip 1 Don't accept Forms W-4 that are invalid

Employers are frequently concerned about their liability when they suspect that employees are submitting Forms W-4 that do not truthfully reflect their estimated tax liability. For instance, some employees may submit frequent Form W-4 changes to increase their take-home pay or to avoid income tax withholding altogether on special wage payments.

The fact is the IRS offers specific guidelines for establishing when an employer should reject a Form W-4 as invalid. Merely suspecting that a Form W-4 is false is insufficient reason to disregard it.

- **What is an invalid Form W-4?** 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 if there is an addition of an entry or language that is not included on the official form. IRS regulations confirm that adding words "Exempt" or "NRA" in step 4 does not invalidate the Form W-4. Finally, the IRS explains in Publication 15 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. (§31.3402(f)(5)-1(b); *IRS Publication 15, Circular E, Employer's Tax Guide*, rev. 2025.)
- **What should you do when an invalid Form W-4 is provided?** Employers 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 W-4 on file, employers are required to compute federal income tax withholding as though the employee checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4.

It is not the employer's responsibility to verify the truthfulness of an employee's Form W-4, and unless the form is clearly invalid, no sanctions are imposed against employers for withholding based on a Form W-4 containing false information. However, employees are subject to a penalty of \$500 for falsifying the Form W-4. (*IRS Publication 15, Circular E, Employer's Tax Guide*, rev. 2025.)

- **Be mindful of requests for flat tax withholding.** Employees sometimes submit a Form W-4 or letter requesting that the employer withhold a flat percentage or dollar amount from their regular wages and/or bonus payments. Interestingly, it may sometimes also be the case that an employee receiving a bonus or equity compensation may request supplemental withholding at a rate higher than 22% or 37% for 2025.

Whether an employee's request for flat tax withholding is made pursuant to regular or supplemental wages, employers should be mindful of the IRS rules governing the Form W-4 and the allowable methods for computing federal income tax withholding.

In the Form W-4 instructions, the IRS clarifies that a flat percentage of withholding is not allowed and that a flat dollar amount is allowed only in addition to a prescribed withholding tax method (e.g., percentage method, wage bracket table). A Form W-4 must be altered to request flat tax withholding, and that makes the Form W-4 invalid.

Even in the case of supplemental wages where the Form W-4 is disregarded, a flat tax rate of 22% applies only when the employer chooses to use the supplemental withholding method, and only when certain requirements are met (e.g., federal income tax was withheld on regular wages in the current or preceding year). For supplemental wages over \$1m in the calendar year, use of the flat tax rate of 37% is mandatory, regardless of a Form W-4 claiming exemption from withholding.

Employers should not use flat rates other than the prescribed 22% or 37% (for 2025) on supplemental wages without discussing it with a tax advisor. (*IRC 3402(a)(1); IRS Publication 15, Circular E, Employer's Tax Guide*, rev. 2025.)

Whether an employee's request for flat tax withholding is made pursuant to regular or supplemental wages, employers should be mindful of the IRS rules governing the Form W-4 and the allowable methods for computing federal income tax withholding.

What to tell employees requesting a flat percentage of federal income tax

Generally, employees attempt to 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 complete the Form W-4 making use of fields on the Form W-4 in Steps 2, 3 and 4.

The IRS provides a withholding calculator on its website to help employees determine the correct amount of withholding.

Employees may also benefit from any of the IRS resources shown on page 18.

- **What about Social Security Number (SSN) errors and omissions?** Clearly, if the employee does not complete all lines on the Form W-4, particularly those requiring the employee's 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.

The SSA also prohibits the use of an Individual Taxpayer Identification Number (ITIN) for individuals employed in the US. ([IRS website](#).)

When the Form W-4 is rejected, employers withhold federal income tax based on the previous Form W-4 submitted by the employee. If none was submitted, employers withhold federal income tax as though the employee checked the box for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4.

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

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 & Requirements for Missing and Incorrect Name/TINs](#):

- **IRS notice received concerning missing SSN.** If employers receive a penalty notice based on a failure to include the employee's SSN on the Form W-2 and the employer seeks a waiver of the penalty based on the failure of the employee to provide the SSN, the following steps demonstrate that the employer acted responsibly:
 - The employer made an initial solicitation for the SSN in person, by mail, electronically or by telephone at the time the employee began work (e.g., the employer can provide a copy of the Form W-4 provided by the employee with the missing or incorrect SSN).
 - The employer 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 the employer still did not receive a valid SSN, the employer makes 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.

Federal and state Form W-4 compliance in 2025

Continued

Tip 2 Know what to do when there is no Form W-4 or state equivalent on file

The IRS and state taxing authorities encourage employees to provide a timely Form W-4 (or state equivalent) to their employers by mandating income tax withholding at an assumed higher rate of tax when there is no form on file.

For federal income tax withholding purposes, when there is no valid Form W-4 on file, the employer is required to assume the employee filed a certificate with the box checked for single or married filing separately in Step 1(c) and made no entries in Step 2, Step 3 or Step 4 of the Form W-4. The result of this rule is a higher amount of federal income tax withholding than applies when claiming married or other adjustments on the Form W-4. (§31.3402(f)(2)-1; [Publication 15](#), Circular E, *Employer's Tax Guide*, rev. 2025.)

As shown in our 2025 state Form W-4 survey (see page 21), a unique withholding allowance certificate applies in some states, and consequently, the assumption made when a withholding certificate is missing is sometimes unique. For instance, if an Arizona employee has failed to provide a Form A-4, the employer is required to withhold at 2.0% of the employee's gross taxable wages. ([Arizona Department of Revenue](#), *Withholding Tax*.)

To avoid underwithholding penalties, payroll policies and procedures should include the state and local income tax withholding instructions in the case of a missing withholding allowance certificate, and these procedures should be updated at least annually.

Tip 3 You have up to 30 days to make Form W-4 changes

Some employees change their Forms W-4 frequently depending on how much money they require to pay upcoming expenses. In other cases, employees submit Form W-4 changes at, near or after a wage payment and expect the change will be immediately or retroactively incorporated in the federal income tax withholding tax calculation.

The IRS does not restrict the number of Forms W-4 an employee may file in a year. However, employers are given ample time to process Form W-4 changes, which could have the same result as limiting the number of Forms W-4 processed annually for an employee.

Specifically, IRS regulations stipulate that 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 it was received. (§31.3402(f)(3)(B)(i); [Publication 15](#), Circular E, *Employer's Tax Guide*, rev. 2025.)



Employers are not required to apply Form W-4 changes retroactively, and they should consider the prudence of implementing a policy that generally prohibits this practice.

Tip 4 Be sure to retain a history of Form W-4 changes

The question often arises: does the employer retain all Forms W-4 (and state allowance certificates) submitted, or just the most recent?

For federal income tax purposes, all Forms W-4 that were superseded by a revised Form W-4 must be retained for no less than four years from the date taxes were due or paid. A Form W-4 that is not superseded must be retained by the employer for up to four years following the employee's termination.

Example 1. When employee Jim was hired in 2021, he submitted a Form W-4 claiming married with one allowance. On December 24, 2024, he submitted a revised Form W-4 claiming married and zero allowances.

The Form W-4 submitted in 2021 must be retained for four years starting on April 15, 2022, or until April 15, 2026. As a result, through April 15, 2026, the employer must have two Forms W-4 on file for employee Jim: the form submitted in 2021 and the form submitted on December 24, 2024. The Form W-4 submitted on December 24, 2024, 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 easy to see how paper files can become unruly. For instance, if an employer has 2,000 Form W-4 paper submissions each year, that's 8,000 forms that must be archived for a four-year period. And if employees work in states that require a separate withholding allowance certificate, the paper count could substantially increase. This is one of the reasons why electronic systems for gathering this information have become so popular in recent years.

For more information on IRS requirements governing electronic retrieval and storage of Forms W-4, see §31.3402(f)(5)-1(c).

Tip 5 Remember that IRS lock-in letters generally supersede the Form W-4

Since 2005, the IRS has relied on a computerized program that uses information reported on the Form W-2 to identify instances where there is significant underwithholding of federal income tax. If there is a significant difference between federal income tax owed and federal income tax withheld, the IRS may send the employer a lock-in letter that specifies the marital status and other adjustments on the Form W-4 for use in computing federal income tax.

In general, the information contained in the IRS lock-in letter trumps the employee's Form W-4, particularly if using the Form W-4 would result in less income tax withholding than specified within the lock-in letter.

Employers must withhold federal income tax as specified in the lock-in letter for any wages paid after the date specified in the letter, except as provided below. You are required to withhold federal income tax according to the lock-in letter as of the date specified, which is generally computed as 45 calendar days after the date of the lock-in letter.

If the employee furnishes a new Form W-4 after the employer receives the original lock-in letter or modification notice, the employer must withhold FITW based on the new Form W-4 only if it does not claim exemption from FITW and only if withholding according to the Form W-4 would result in more FITW than would result under the terms of the lock-in letter or modification notice.

The employer must disregard any new Form W-4 if the employee claims exemption from withholding or claims a marital status or other adjustments that result in less withholding than under the terms of the lock-in letter or modification notice.

If the employee wants to put a new Form W-4 into effect that results in less withholding than required under the lock-in letter or modification notice, the employee must contact the IRS. The employer must withhold according to the lock-in letter or modification notice unless the IRS subsequently notifies the employer to withhold based on the employee's Form W-4. (*T.D. 9337; IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2025.*)

Federal and state Form W-4 compliance in 2025

Continued

Other requirements pertaining to lock-in letters are as follows:

- **Provide notification to employee.** When a lock-in letter is issued, the IRS provides a copy to the employee. The employee's copy identifies the maximum withholding allowances permitted and the marital status that applies when computing FITW. The employee's copy also indicates the process by which the employee can give additional information to the IRS for purposes of determining the appropriate number of withholding allowances and/or modifying the marital status. (The IRS also mails a similar notice to the employee's last known address.)
- If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.
- An individual is deemed to be employed by you for these purposes if, as of the date you receive the lock-in letter:
 - You pay wages with respect to prior employment to the employee subject to FITW on or after the date specified in the lock-in letter. If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.

Note that if the employee resumes the performance of services for you more than 12 months after the date of the notice, you are not required to withhold based on the notice.

- **Modification notice.** After the original mailing of the lock-in letter, the IRS may issue a modification notice. The modification notice may change the marital status and other Form W-4 adjustments. You must comply with the terms of the modification notice according to the date indicated.
- **Requirement to withhold after termination of employment.** If the employee is employed as of the date of the notice, but you or the employee terminates the employment relationship after the date of the notice, you must continue to withhold based on the lock-in letter or modification notice if any wages subject to FITW are paid with respect to the prior employment after the termination date. Furthermore, you must withhold based on the notice or modification notice if the employee resumes an employment relationship with you within 12 months after the termination of the employment relationship. Whether the employment relationship is terminated is based on all the facts and circumstances.



In general, the information contained in the IRS lock-in letter will trump the employee's Form W-4, particularly if using the Form W-4 would result in less income tax withholding than required by the lock-in letter.



- **Be aware of payroll system requirements in connection with lock-in letters.** If there is no field in the employee master record or the employee self-service system to indicate that a lock-in letter is in place, employee requests to change Form W-4 data may be made in violation of the lock-in letter.
- For this reason, it is important for the payroll system to designate a field for “locking in” an employee’s Form W-4 data, having the practical result of rejecting changes in federal (or state and local) W-4 data until a qualified payroll or employment tax analyst updates the lock-in field. In an employee self-service environment, this field would generate a notice to employees attempting to change their W-4 data that such changes cannot be made without IRS approval.
- In lieu of an automated mechanism for locking in W-4 data, an edit report could be run prior to processing payroll that displays all employees for whom W-4 data changes have been made. That way, there are no employees on the list for whom a lock-in letter applies.

Although the IRS repealed the requirement to submit copies of certain Forms W-4, 26 state taxing authorities continue to impose this requirement, according to Ernst & Young LLP’s 2025 survey. See the Form W-4 survey results on page [21](#).

Federal and state Form W-4 compliance in 2025

Continued

Tip 6

Always compare the name on the Form W-4 with the employer's Form W-2 files

Marriage, divorce and other life events can result in a change in the employee's last name. Issues arise for employers and these employees if the name or SSN shown on the Form W-2 doesn't match the name or SSN on file with the SSA.

To prevent time-consuming SSA notices and the potential for reporting penalties, employers should compare the name on the Form W-4 against the name appearing on the employee's Social Security card (a copy of the Social Security card can be used for this purpose).

Taking the following steps will show reasonable cause for abatement of penalty for name/SSN reporting errors on the Form W-2. ([IRS Publication 1586](#).)

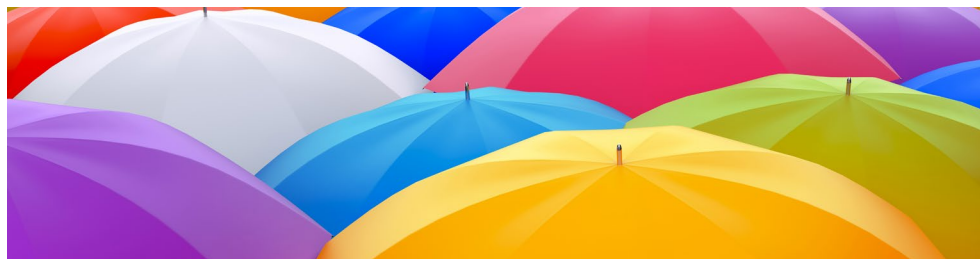
- The employer made the initial solicitation for the employee's correct SSN at the time the employee began work and used the SSN provided by the employee (e.g., the employer has a copy of the Form W-4 originally filed by the employee wherein no SSN or an invalid SSN was provided).
- Following receipt of an IRS notice, the employer made an annual solicitation for the correct SSN. If another IRS notice is received in a subsequent year, a second annual solicitation is 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 the employer on Forms W-2 due subsequent to receipt of the corrected SSN.
- If the employer receives further IRS notices because of a missing or incorrect SSN after making two annual solicitations, the employer is not required to make further solicitations. The employer's initial and two annual solicitations demonstrate it acted responsibly before and after the failure, and documentation of these steps will establish reasonable cause under the regulations for any penalty to be abated.

Reciprocal agreements are generally not an automatic exemption from state nonresident income tax. Montana, like all states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who complete the required exemption certificate.

IRS resources for Form W-4 and employee estimated tax payments

- [Tax Withholding Estimator](#)
- [Form W-4, Employee's Withholding Certificate](#)
- [Publication 505, Tax Withholding and Estimated Tax](#)
- [Estimated taxes](#)

Employers are potentially liable for state nonresident income tax withholding they fail to collect in the absence of these exemption certificates.



Tip 7

Remember that US nonresident aliens are subject to special Form W-4 rules

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 employees who are US residents and those who are NRAs.

The following applies to NRAs:

- **Adjustment to taxable wages for standard deduction.** Nonresident aliens cannot claim the standard deduction. The benefits of the standard deduction are contained in the existing wage withholding tables published in [Publication 15-T](#). Because nonresident aliens may not claim the standard deduction, employers are instructed to withhold an additional amount from a nonresident alien's wages. For the specific amounts to be added to wages before applying the wage tables, see Publication 15-T. There are two tables within Publication 15-T for this purpose – one table for employees with Forms W-4 submitted before January 1, 2020, and another table for employees with Forms W-4 submitted on and after January 1, 2020.

Note that a special rule applies to nonresident alien students from India and business apprentices from India who are eligible for the benefits of Article 21(2) of the United States-India income tax treaty. Employers are not required to withhold an additional amount for the standard deduction from the wages of these individuals, as they may be entitled to claim the standard deduction. (See Publication 15-T and Publication 519 for more information.)

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

Tip 8

Be certain to obtain the applicable state nonresident certificate before excluding wages from nonresident income tax withholding

A reciprocal agreement may allow the employer to exclude the employee's wages from nonresident state income tax withholding. For example, Montana has a reciprocal agreement with North Dakota whereby North Dakota residents who are working in Montana are subject only to the North Dakota resident income tax withholding requirements. The exclusion doesn't apply unless the nonresident employee completes, signs and returns to the employer [Form MW-4, Montana Employees Withholding Allowance and Exemption Certificate](#).

Reciprocal agreements generally do not provide an automatic exemption from state nonresident income tax. Montana, like most states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who have completed the required nonresident certificate.

Tip 9

File state withholding allowance certificates when and where required

Don't assume the federal Form W-4 is valid for state income tax withholding purposes. A substantial number of jurisdictions do not allow for use of the federal Form W-4 for designating withholding allowances and exemptions.

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, employers generally should complete boxes 8 and 10.

As of May 1, 2025, 26 state taxing authorities continue to require that copies of certain withholding allowance certificates be furnished to the state revenue department under certain conditions.

Federal and state Form W-4 compliance in 2025

Continued

Tip 10

Don't assume the federal Form W-4 is used for state income tax withholding purposes

For state income tax withholding purposes, the payroll system may default to the information provided on the federal Form W-4 if there is no comparable state (or local) form submitted.

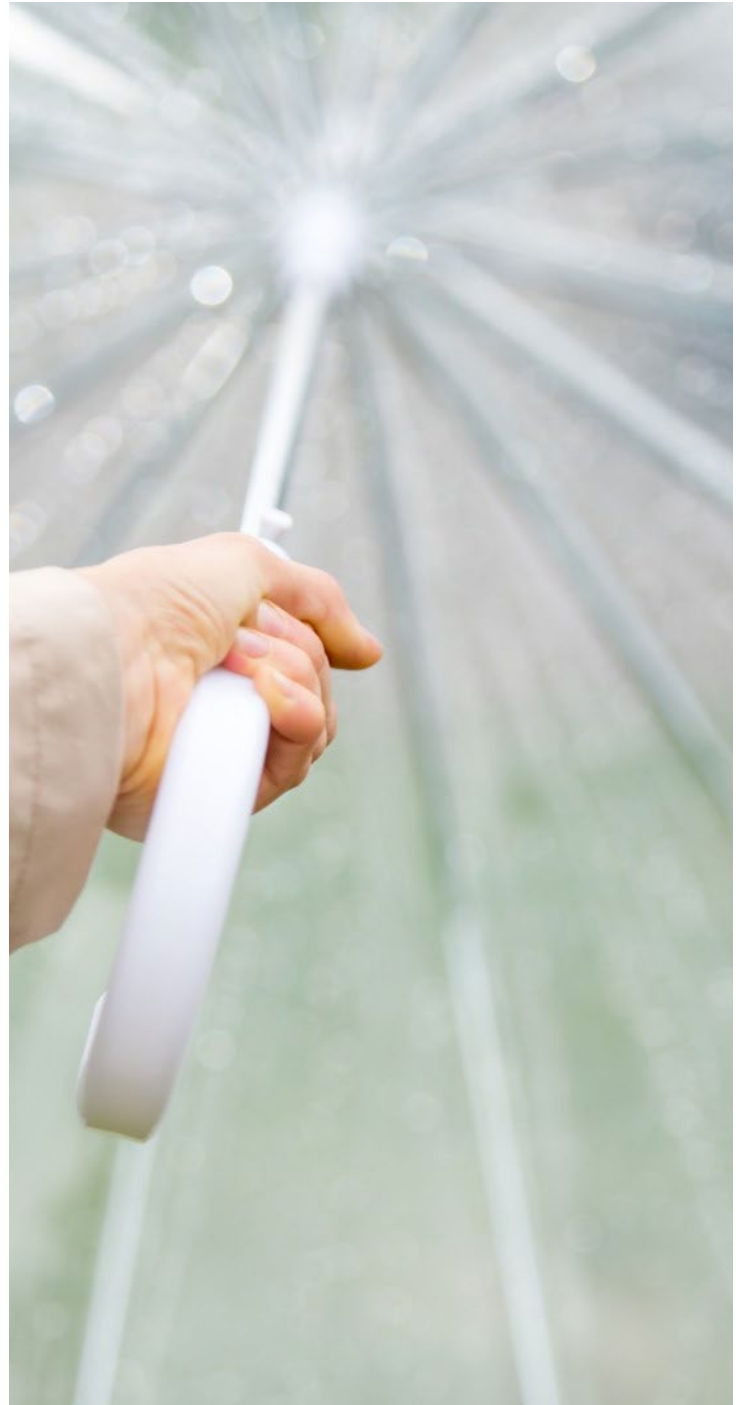
This default approach to state (and local) income tax withholding is risky where a jurisdiction mandates the use of its own withholding allowance form.

For the Ernst & Young LLP May 2025 survey of state Form W-4 requirements, see page [21](#).

Don't assume the federal Form W-4 is valid for state income tax withholding purposes. See the Ernst & Young LLP state survey on page [21](#).

Be cautious when employees claim exempt from withholding

- ✓ While a Form W-4 claiming exemption from income tax withholding may be acceptable for federal purposes, keep in mind that it is prohibited in some states (e.g., Ohio).
- ✓ To avoid underwithholding penalties, payroll policies and procedures should include the list of states where claiming exemption from income tax withholding is not allowed and steps the employer should take in that case.



2025 state Form W-4 survey

State withholding allowance certificate requirements (May 2025)

State	Form used for state income tax withholding	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Alabama	Form A-4	January 1, 2025	No	Assume that Line 1 of Form A-4 shows zero exemptions
Alaska	No personal income tax	No personal income tax	No personal income tax	No personal income tax
Arizona	Form A-4	January 1, 2025	No	Withhold 2.0% of the employee's gross taxable wages until the employer receives a completed form from the employee
Arkansas (Note exceptions for Texarkana, AR and TX employees)	AR4EC	February 7, 2025	No	Assume Line 3 of AR4EC is zero exemptions and dependents
California	DE-4	January 1, 2025	Effective January 1, 2020, the Form DE 4 is required if: (1) the employee begins employment on or after January 1, 2020, or (2) employees are changing their California withholding allowances. In addition, if employees change their federal Form W-4 they will need to confirm if a Form DE 4 may also be necessary (e.g., to claim California personal allowances).	Withhold PIT as if the employee were single and claiming no withholding allowances
Colorado	DR 0004	January 1, 2023	Yes. There is no state-specific form. Employees complete the federal Form W-4 for both federal and Colorado wage withholding tax purposes. The Colorado Department of Revenue released a new withholding instruction worksheet that is mandatory for 2020 and later Forms W-4.	Same as federal. Assume single and no other adjustments.

Federal and state Form W-4 compliance in 2025

Continued

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Connecticut	CT-W4	January 1, 2025	No	Withhold at the highest marginal rate of 6.99% without allowance for exemption
Delaware	DE W-4	March 4, 2022	No, after December 31, 2019	Same as federal, single with no adjustments
District of Columbia	D-4	January 1, 2017	No	Withhold as if employee had not claimed any withholding allowances
Federal	W-4	January 1, 2025	N/A	Withhold at single and no other adjustments
Florida	No personal income tax	N/A	N/A	N/A
Georgia	G-4	August 15, 2024	Yes; however, note that employers may use federal Form W-4 only when there is no G-4 on file provided the federal Form W-4 contains sufficient information	Use federal Form W-4 or withhold at single and zero exemptions
Hawaii	HW-4	January 1, 2022	No	Assume single and zero allowances
Idaho	ID W-4	January 1, 2025	Yes	Same as federal. Assume single and no other adjustments.
Illinois	IL-W-4	July 1, 2023	Yes, but only if claiming exemption from withholding. Form IL-W-4 is disregarded if (1) an employee claims total exemption from Illinois income tax withholding, but has not filed a federal Form W-4 claiming total exemption or (2) the IRS has instructed the employer to disregard the employee's federal Form W-4.	Withhold Illinois income tax as if no allowances were claimed (<i>86 Ill. Adm. Code 100.7110</i>)
Indiana	WH-4	August 30, 2023	No	Assume zero exemptions
Iowa	IA W-4	January 1, 2025	No	Assume no allowances are claimed (Iowa Administrative Code 701-307-3(3))

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Kansas	K-4	July 1, 2024	No	Assume single and no allowances
Kentucky	K-4	January 1, 2025	No	Form K-4 is only required to document that an employee has requested an exemption from withholding OR to document that an employee has requested additional withholding in excess of the amounts calculated using the formula or tables. If neither situation applies, then an employer is not required to maintain Form K-4.
Louisiana	L-4	January 1, 2025	No	Withhold Louisiana income tax from the employee's wages without any standard deduction
Maine	W-4ME	December 1, 2024	No	Assume single and no allowances
Maryland	MW507	May 22, 2022	No	Assume employee claimed one withholding exemption
Massachusetts	M-4	November 1, 2019	No. Effective January 1, 2020, new employees as of January 1, 2020, will complete both the Massachusetts Form M-4 and the new IRS Form W-4. The Form W-4 can no longer be used as a substitute for the Form M-4.	Assume no exemptions
Michigan	MI-W4	December 1, 2020	No	Assume no allowance for exemptions

Federal and state Form W-4 compliance in 2025

Continued

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Minnesota	W-4MN	January 1, 2025	No, Effective January 1, 2020, the federal Form W-4 is not used to compute allowances for determining Minnesota withholding tax. All employees who complete a federal Form W-4 must also complete Form W-4MN	If an employee does not complete Form W-4MN and they have a federal Form W-4 (from 2019 or prior years) on file, use the allowances on their federal Form W-4. Otherwise, withhold Minnesota tax as if the employee is single with zero withholding allowances
Mississippi	89-350	October 1, 2024	No	Assume zero exemptions
Missouri	MO W-4	December 30, 2024	No	Assume the standard calculations (<i>Mo. Code Regs. 12 § 10-2.015(18).</i>)
Montana	MW-4	January 1, 2025	No, Employees hired after January 1, 2019, and those who wish to claim exempt from Missouri state income tax withholding are required to file Form MW-4.	Assume single filing status
Nebraska	Form W-4N	January 1, 2022	No, effective January 1, 2020 The Federal Form W-4 is allowed for Nebraska state income tax withholding purposes only if completed and submitted to the employer prior to January 1, 2020. On and after January 1, 2020, a Form W-4N must be submitted along with any new or modified federal Form W-4	If no Form W-4N is submitted along with a change in the federal Form W-4 (on and after January 1 2020), withhold as though the employee were single and claimed no withholding allowances
Nevada	No personal income tax	N/A	N/A	N/A
New Hampshire	No personal income tax	No personal income tax	No personal income tax	No personal income tax
New Jersey	NJ-W4	January 1, 2021	No (unless no Form NJ-W4 is on file)	Use the federal Form W-4 and if no federal Form W-4, follow the rules that apply when no federal Form W-4 is on file.

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
New Mexico	W-4	January 1, 2025	Yes. If federal and New Mexico withholding requirements differ, employees complete a federal Form W-4 for New Mexico, writing "For New Mexico State Withholding Only" across the top in prominent letters	Same as federal. Assume single and no other adjustments.
New York	IT-2104	January 1, 2025	No. For tax years 2020 or later, withholding allowances are no longer reported on federal Form W-4. Therefore, if the employees submits federal Form W-4 to the employer for tax year 2020 or later, and the employee did not file Form IT-2104, the employer may use zero as the number of allowances	If no IT-2104 file, use the Form W-4 and assume zero as the number of allowances
North Carolina (US nonresident aliens must complete NC-4 NRA)	NC-4	November 1, 2024	No	Assume single and no allowances
North Dakota	W-4	January 1, 2025	Yes. North Dakota has no state Form W-4 equivalent. If withholding is based on a Form W-4 from before 2020, use the methods and tables in Section 1 of the North Dakota withholding booklet. If withholding is based on the new 2020 Form W-4 or if a newly hired employee has not submitted a Form W-4, use the methods and tables in Section 2 of the ND withholding booklet	Assume single and no other adjustments
Ohio	IT-4	January 1, 2024	No	Assume zero exemptions

Federal and state Form W-4 compliance in 2025

Continued

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Oklahoma	OK-W-4	March 1, 2021	No. As of March 1, 2018, Oklahoma created a state form OK-W-4. Employees who submitted federal Form W-4 prior to March 1, 2018, need not submit the state form unless changes are needed.	Assume single and no other adjustments (<i>Okla. Admin. Code §710:90-1-7(f)</i>)
Oregon	OR-W-4	January 1, 2025	No, effective January 1, 2020 if: <ul style="list-style-type: none"> ▪ Hired on or after January 1, 2020. ▪ Have had a financial situation change. ▪ Want to change their withholding amounts. ▪ Want to claim exemption from their Oregon withholding. ▪ Have relocated from another state 	Effective January 1, 2020, employers are required to withhold Oregon state income tax at a flat rate of 8% when employees have failed to previously submit Form W-4 or Form OR-W-4. (H.B. 2119)
Pennsylvania	Pennsylvania has no equivalent to the federal Form W-4. Personal exemptions, standard deductions or dependent credits are not allowed. Rev.-419 is used to claim exemption from withholding.	09/1/2020 (Form Rev-419, Employee's Nonwithholding Application Certificate)	N/A	Employee is not exempt from PA income tax withholding.

Jurisdiction	Withholding certificate form	Last revision of Withholding Allowance Certificate	Use of federal Form W-4 allowed for state income tax withholding?	Requirement when no allowance certificate on file
Rhode Island	RI W-4	January 1, 2025	No. Effective January 1, 2020, employers must have employees complete Form RI W-4 showing the number of dependents or other personal exemptions claimed. The employer can no longer rely on federal withholding exemption certificates (Federal Form W-4) in computing both the Federal withholding and the Rhode Island withholding for employees. Employers must require employees complete Form RI W-4 in addition to Federal Form W-4	No provision
South Carolina	SC W-4	January 1, 2025	No. Effective in 2020, an SC W-4 is required if employees: <ul style="list-style-type: none"> ▪ Start a new job on or after January 1, 2020 ▪ Want to make changes to their W-4 on or after January 1, 2020 ▪ Claimed exempt from South Carolina withholding in 2019 	Assume zero allowances (SC Code §12-8-1010)
South Dakota	No personal income tax	No personal income tax	No personal income tax	No personal income tax
Tennessee	No personal income tax	No personal income tax	No personal income tax	No personal income tax
Texas	No personal income tax	No personal income tax	No personal income tax	No personal income tax
Utah	W-4	January 1, 2025	Yes	Assume single and no other adjustments

Federal and state Form W-4 compliance in 2025

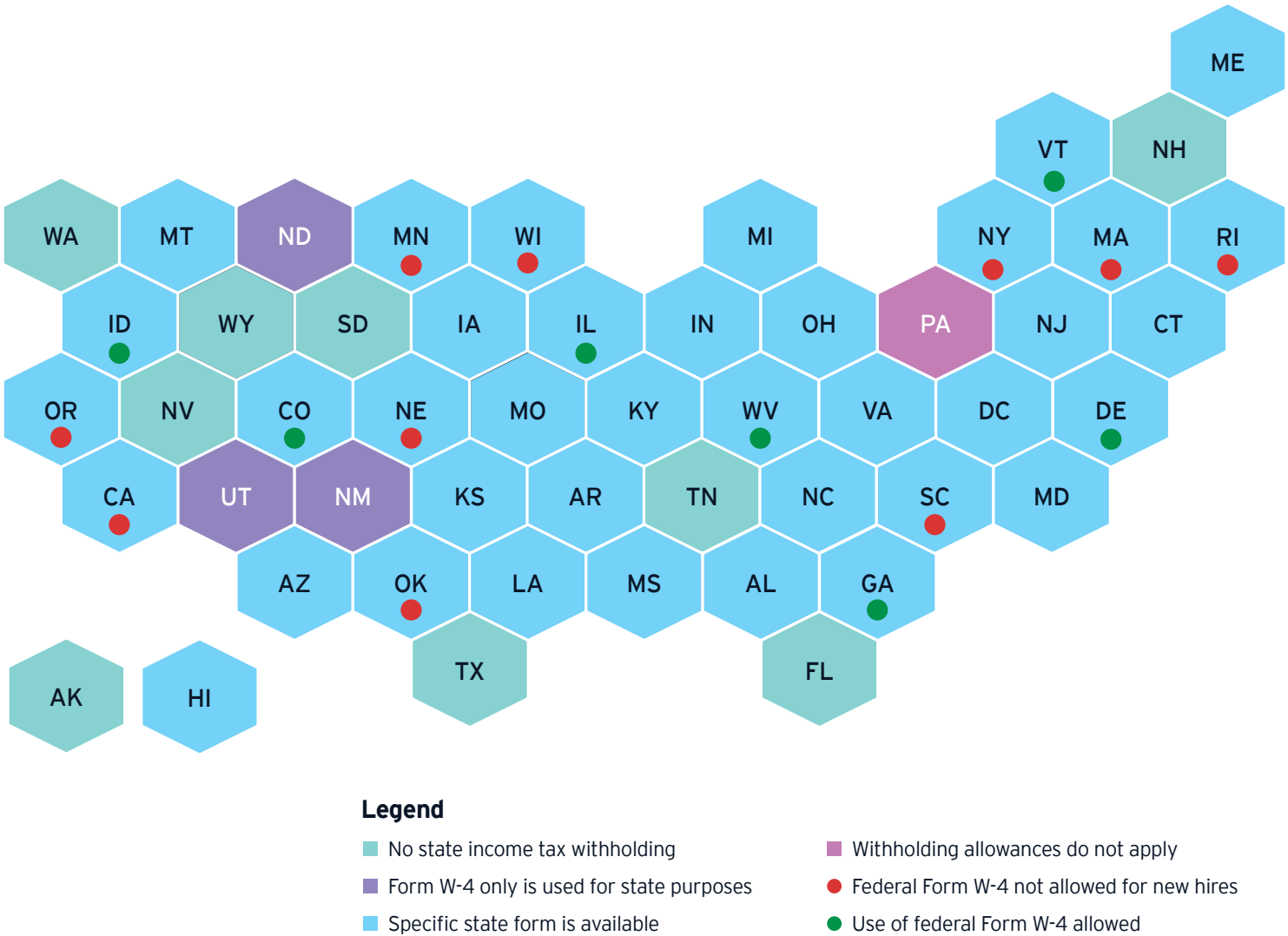
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Jurisdiction	Withholding certificate form	Withholding allowance certificate revised annually	Use of federal Form W -4 allowed for state income tax withholding	Requirement when no allowance certificate is on file
Vermont	W-4VT	December 1, 2018	Yes. Use Form W-4 if no W-4VT is on file. The Department encourages employees to complete a separate Form W-4T to ensure that proper Vermont withholding occurs. If the Federal Form W-4 indicates an additional amount of Federal withholding for each pay period on Line 6 or Step 4 (effective in 2020), the Vermont withholding should be increased to 30% of the extra federal withholding.	Use Form W-4, and if no Form W-4, assume single with no adjustments
Virginia	VA-4	August 1, 2011	No	Assume no exemptions
Washington	No personal income tax	No personal income tax	No personal income tax	No personal income tax
West Virginia	Form WV/IT-104	March 16, 2023	Yes (W. Va. Code §11-21-71 (b))	Use Form W-4, and if no Form W-4, withhold as single and no other adjustments (Code of State Rules §110-21-71 2.2)
Wisconsin	WT-4	August 1, 2023	No. Effective January 1, 2020: (1) All newly-hired employees must provide Form WT-4 to their employer. (2) Existing employees who change the number of their Wisconsin withholding exemptions must provide Form WT-4 to their employer. (3) Existing employees are not required to provide Form WT-4 to their employer (unless the employer requests it) if the employee wishes to maintain the same number of Wisconsin withholding exemptions used in 2019	Assume single and no other adjustments
Wyoming	No personal income tax	No personal income tax	No personal income tax	No personal income tax



State use of federal Form W-4 in 2025

Most states have now responded to changes in the federal Form W-4 to account for differences such as allowing for personal allowances. This heat map is current as of May 1, 2025.



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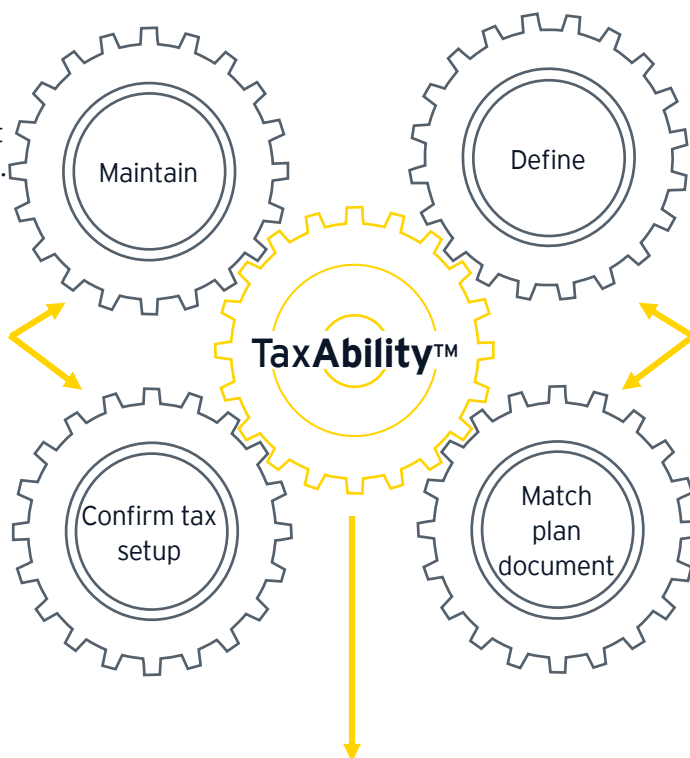
Payroll research innovated.

With TaxAbility™, we can help you to streamline the process of reviewing tax configuration settings for your earnings and deduction codes. Our research library contains fully sourced information for federal, state and local taxes for over 150 common earnings and deduction types. Learn more about TaxAbility™ in our [brochure](#).

- Refer to your **TaxAbility™** portal throughout the year for tax rules, plan documents and key information to support your tax configuration settings.

- Access white papers and other thought leadership from your **TaxAbility™** portal for updates and insights on payroll tax and reporting rules.

- An exception report is provided showing pay and deduction code settings that may be incorrect.
- Pay codes are verified for proper supplemental wage indicators.
- Special Form W-2 reporting information, if applicable, is provided for your pay and deduction codes.



- Align your pay and deduction codes to our standardized list of compensation types configured to comply with tax agency sources.

- Our compensation and benefits professionals can team to provide insights on plan design and operation compliance.

- Upload plan documents to your TaxAbility™ portal for hyperlinking to your pay and deduction codes.
- We work with you to identify those plans impacted by tax reform and the changes required; tax configuration schemes are then matched to your final plan documents to confirm they are correct.

TaxAbility™ documents are housed within our secure network.

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