



# Understanding the 2020 Form W-4 and How to Use it to Compute Withholding

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**December 14, 2020**

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- **Explain the reason for a new design of the W-4**
- **Explain Steps 1-5 of the 2020 Form W-4**
- **Explain who must use the 2020 Form W-4**
- **Illustrate how to complete two of the five worksheets from Publication 15-T**

12/14/2020



- **Tax Cuts and Jobs Act or TCJA or tax reform enacted in December of 2017.**
- **First task was to update forms, instructions, and publications related to withholding and estimated taxes.**
- **Issued the 2018 Form W-4 two months later.**
- **Include the most critical changes necessary to comply with new law.**



- **Primary goals – to provide simplicity, accuracy and privacy for employees while minimizing burden for employers and payroll processors.**
- **Designed to improve the accuracy of employee withholding amounts.**
- **No longer uses allowances, tied to the amount of the personal exemptions claimed.**
- **The Form is now divided into 5 Steps.**



# Review of new Form W-4 – Step 1

## Basic Personal Information

Form <b>W-4</b> Department of the Treasury Internal Revenue Service	<b>Employee's Withholding Certificate</b>		OMB No. 1545-0074
	▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.		<b>2020</b>
<b>Step 1:</b> <b>Enter</b> <b>Personal</b> <b>Information</b>	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to <a href="http://www.ssa.gov">www.ssa.gov</a> .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly (or Qualifying widow(er)) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		



## Multiple Jobs

**Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5.** See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

**Step 2:**  
**Multiple Jobs**  
**or Spouse**  
**Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

- (a) Use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) for most accurate withholding for this step (and Steps 3–4); **or**
- (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; **or**
- (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . . . . ☐

**TIP:** To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

**Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)



## Review of new Form W-4 - Step 2 (cont'd)

**3 different options** –Employees should select only one of three options to ensure enough withholding.

### Option 1:

Use the Tax Withholding  
Estimator

### Option 2:

Use the worksheet on  
page 3

### Option 3:

Check the box





### Option 1

- Use the **Tax Withholding Estimator** tool.
- The Estimator will compute all the relevant entries for the Form W-4 for that job.
- The employee/spouse will also have to complete new Forms W-4 for the other jobs.





## Option 2

- Complete the Multiple Jobs Worksheet on page 3 to determine an amount to include in Step 4(c) of the Form W-4.
- The employee or spouse must complete new Forms W-4 for the other jobs as well.



## Option 3

- If the employee (and spouse together, if applicable) has only two jobs, the employee/spouse may check the box on a Form W-4 for each job to have tax withheld at higher rates so there will be enough withholding.



## Dependents

Complete Steps 3–4(b) on Form W-4 for only **ONE** of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

### Step 3:

If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):

### Claim

### Dependents

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$

Multiply the number of other dependents by \$500 . . . . ▶ \$

Add the amounts above and enter the total here . . . . .

3

\$



# Dependents

- Allows employees to reduce withholding for child and dependent credits and other tax credits.
- Employees can calculate the child and dependent credits on the face of the form and add other credits to the total.



# Adjustments

<b>Step 4</b> <b>(optional):</b> <b>Other</b> <b>Adjustments</b>	(a) <b>Other income (not from jobs).</b> If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . .	4(a)	\$	
	(b) <b>Deductions.</b> If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . .	4(b)	\$	
	(c) <b>Extra withholding.</b> Enter any additional tax you want withheld each <b>pay period</b> .	4(c)	\$	

Allows employees to make other adjustments to their withholding.



## Step 4(a)

- Allows employees to have income tax withheld for other income that normally doesn't have withholding, such as certain investment income and retirement income.



### Step 4(b)

- Allows employees to have their employers reduce withholding for itemized deductions (less the standard deduction) and/or adjustments to income (from Form 1040 Schedule 1).
- Employees complete the Deductions Worksheet on page 3 and enter the result in Step 4b.





### Step 4(c)

- Allows employees to have their employers increase withholding per pay period.
- This is like line 6 on the 2019 Form W-4.



### Step 4(c) – cont'd

- Employees can enter the amount the Tax Withholding Estimator directs them to enter in Step 4c.
- Employees can enter the amount from the Multiple Jobs Worksheet on page 3 in Step 4c.
- Employees can enter an amount of extra withholding to get a refund or cover other income.



## Review of new Form W-4 below Step 4(c)

- Employees eligible to claim exemption from withholding enter “Exempt” in the space below Step 4(c).
- Also, non-resident alien (NRA) employees subject to the special rules described in Notice 1392 enter “NRA” in the space below Step 4(c).



## Review of new Form W-4 additional details on Steps 3 and 4

- Generally, employees may complete Steps 3 and 4 to further adjust their withholding but are NOT required to.
- If the employee (and spouse together, if applicable) has more than one job it's best to put all adjustments for Steps 3 and 4 on the Form W-4 for the highest paying job to allow adjustments to be made at the highest tax rates.



# Review of new Form W-4 – Step 5

## Signature

<b>Step 5:</b>  <b>Sign Here</b>	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
	Employee's signature (This form is not valid unless you sign it.)		Date
<b>Employers Only</b>	Employer's name and address	First date of employment	Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3.

Cat. No. 10220Q

Form **W-4** (2020)



## Signature

- **The signature area includes the penalties of perjury statement.**
- **Everyone must complete Step 5 or the Form W-4 isn't valid and the employer will apply the default withholding rule.**



## Must every employee submit a 2020 Form W-4?

**No.**

Employees who have submitted Form W-4 in any year before 2020 are not required to submit a new form merely because of the redesign. Employers will continue to figure withholding based on the information from the employee's most recently submitted Form W-4.

**However, all newly hired employees in 2020 must use the redesigned form. Similarly, any employees hired prior to 2020 who wish to adjust their withholding in 2020 must use the redesigned form.**

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## Can I require all of my employees to submit a 2020 Form W-4?

**No.**

While you may ask your employees hired before 2020 to submit new Forms W-4 using the redesigned version of the form, you should explain to them that they aren't required to do this and if they don't submit a new Form W-4, withholding will continue based on a valid Form W-4 previously submitted.



## What happens if a new employee doesn't submit a 2020 Form W-4?

**New employees hired in 2020 who fail to submit a Form W-4 will be treated as a single filer with no other adjustments.**

**This means that the employer will determine withholding based only on a single filer's standard deduction with no other entries.**



# How do I figure 2020 federal income tax withholding?

**You will use the information provided on your employee's Form W-4 and the federal income tax withholding worksheets and tables in Publication 15-T to figure federal income tax withholding.**



# Publication 15-T



Department of the Treasury  
Internal Revenue Service

## Publication 15-T

Cat. No. 32112B

# Federal Income Tax Withholding Methods

For use in **2020**

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## Future Developments

For the latest information about developments related to Pub. 15-T, such as legislation enacted after it was published, go to [IRS.gov/Pub15T](https://www.irs.gov/pub15t).

## Introduction

The way employers will figure federal income tax withholding for 2020 Form W-4, Employee's Withholding Certificate, is changing to match the changes to the new form. This special draft release of new Pub. 15-T contains a look at the new employer steps to figure federal income tax withholding.

The 2020 Form W-4 has been redesigned to reduce the form's complexity and to increase transparency and accuracy in the withholding system. Beginning with the 2020 Form W-4, employees will no longer be able to request adjustments to their withholding using withholding allowances. Instead, using the new Form W-4, employees will provide employers with amounts to increase or reduce taxes and amounts to increase or decrease the amount of wage income subject to income tax withholding. **The computations described in this publication will allow employers to figure withholding regardless of whether the employee provided a Form W-4 in an earlier year or will provide a new Form W-4 in 2020.** This publication also allows employers to figure withholding based on their payroll system (automated or manual) and withholding method of choice.



**The Percentage Method tables, Wage Bracket Method tables, and amounts to add to the wages of a nonresident alien employee provided in this draft are based on the 2019 inflationary adjustments for purposes of programming and testing. Once the 2020 inflation-adjusted amounts are available, they will be included in this Pub. 15-T.**



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**Includes separate computations based on:**

- **The method of withholding (Percentage or Wage Bracket Method),**
- **Payroll system (automated or manual); and**
- **Whether the Form W-4 is a 2020 form or a prior year form.**



# Withholding example for automated payroll systems

**Sophie is a new employee who submitted a 2020 Form W-4 when she was hired.**

**In Step 1 of her Form W-4, she selected “Married filing jointly” as her filing status.**

**Sophie also completed Step 2 of Form W-4 because her spouse works. She checked the box in Step 2.**



## Withholding example for automated payroll systems (cont'd)

**Sophie did not complete Steps 3 and 4.**

**Sophie's wages are \$2,000 biweekly.**





# Withholding example for automated payroll systems (cont'd)

## Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems

Keep for Your Records



**Note.** This illustrates what the 2020 procedure could look like by using the 2019 tax parameters. There would be just one procedure for both the Form W-4 from before 2020 and new Form W-4. The formatting will change, and some of the details may need to be modified slightly to conform to the final Form W-4.

Table 3

Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
2	4	12	24	26	52	260

**Step 1. Adjust the employee's wage amount**

1a	Enter the employee's total taxable wages this payroll period	1a	\$ 2,000
1b	Enter the number of pay periods you have per year (see Table 3)	1b	26
1c	Multiply the amount on line 1a by the number on line 1b	1c	\$ 52,000

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1d	Enter the amount from Step 4(a) of the employee's Form W-4	1d	\$ -0-
1e	Add lines 1c and 1d	1e	\$ 52,000
1f	Enter the amount from Step 4(b) of the employee's Form W-4	1f	\$ -0-
1g	If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter \$12,600 if the taxpayer is married filing jointly or \$8,400 otherwise	1g	\$ -0-
1h	Add lines 1f and 1g	1h	\$ -0-
1i	Subtract line 1h from line 1e. If zero or less, enter -0-. This is the <b>Adjusted Annual Wage Amount</b>	1i	\$ 52,000

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1j	Enter the number of allowances claimed on the employee's most recent Form W-4	1j	
1k	Multiply line 1j by \$4,200	1k	\$
1l	Subtract line 1k from line 1c. If zero or less, enter -0-. This is the <b>Adjusted Annual Wage Amount</b>	1l	\$



# Withholding example for automated payroll systems (cont'd)

## Step 2. Figure the Tentative Withholding Amount

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 Form W-4) or marital status (line 3 of Form W-4 from before 2020); and whether the box in Step 2 of 2020 Form W-4 is checked.

**Note.** Don't use the Head of Household table if the Form W-4 is from before 2020.

2a	Enter the employee's <b>Adjusted Annual Wage Amount</b> from line 1i or 1l above	2a	\$ 52,000.00
2b	Find the row in the appropriate <b>Annual Percentage Method</b> table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row	2b	\$ 51,675.00
2c	Enter the amount from column C of that row	2c	\$ 4,543.00
2d	Enter the percentage from column D of that row	2d	22 %
2e	Subtract line 2b from line 2a	2e	\$ 325.00
2f	Multiply the amount on line 2e by the percentage on line 2d	2f	\$ 71.50
2g	Add line 2c and line 2f	2g	\$ 4614.50
2h	Divide the amount on line 2g by the number of pay periods on line 1b. This is the <b>Tentative Withholding Amount</b>	2h	\$ 177.48

## Percentage Method Tables for Automated Payroll Systems

*Note. This illustrates what the 2020 tables would look like by using the 2019 tax parameters.*

STANDARD Withholding Rate Schedules (Use these if the Form W-4 is from before 2020, or if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 is <b>NOT</b> checked.)					Form W-4, Step 2, Checkbox, Withholding Rate Schedules (Use these if the Form W-4 is from 2020 or later and the box in Step 2 of Form W-4 <b>IS</b> checked)				
If the Adjusted Annual Wage Amount (line 2a) is:		The tentative amount to withhold is:	Plus this percentage —	of the amount that the Adjusted Annual Wage exceeds—	If the Adjusted Annual Wage Amount (line 2a) is:		The tentative amount to withhold is:	Plus this percentage —	of the amount that the Adjusted Annual Wage exceeds—
At least—	But less than—				At least—	But less than—			
A	B	C	D	E	A	B	C	D	E
Married Filing Jointly					Married Filing Jointly				
\$0	\$11,800	\$0.00	0%	\$0	\$0	\$12,200	\$0.00	0%	\$0
\$11,800	\$31,200	\$0.00	10%	\$11,800	\$12,200	\$21,900	\$0.00	10%	\$12,200
\$31,200	\$90,750	\$1,940.00	12%	\$31,200	\$21,900	\$51,675	\$970.00	12%	\$21,900
\$90,750	\$180,200	\$9,086.00	22%	\$90,750	\$51,675	\$96,400	\$4,543.00	22%	\$51,675
\$180,200	\$333,250	\$28,765.00	24%	\$180,200	\$96,400	\$172,925	\$14,382.50	24%	\$96,400
\$333,250	\$420,000	\$65,497.00	32%	\$333,250	\$172,925	\$216,300	\$32,748.50	32%	\$172,925
\$420,000	\$624,150	\$93,257.00	35%	\$420,000	\$216,300	\$318,375	\$46,628.50	35%	\$216,300
\$624,150		\$164,709.50	37%	\$624,150	\$318,375		\$82,354.75	37%	\$318,375



# Withholding example for automated payroll systems (cont'd)

## Step 3. Account for tax credits

3a	If the employee's Form W-4 is from 2020, enter the amount from Step 3 of that form; otherwise enter -0- .....	3a	\$ -0-
3b	Divide the amount on line 3a by the number of pay periods on line 1b .....	3b	\$ -0-
3c	Subtract line 3b from line 2h. If zero or less, enter -0- .....	3c	\$ 177.48

## Step 4. Figure the final amount to withhold

4a	Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 form or line 6 on earlier forms) .....	4a	\$ -0-
4b	Add lines 3c and 4a. <b>This is the amount to withhold from the employee's wages this pay period</b> .....	4b	\$ 177.48



## Withholding example for manual payroll systems using the Wage Bracket Method

**Logan is a new employee who submitted a 2020 Form W-4 when he was hired.**

**In Step 1 of his Form W-4, he selected “Head of household” as his filing status.**

**Step 2 was not applicable to Logan.**

**Logan completed Step 3 and the total for Step 3 was \$2,000.**

**Logan did not complete Step 4.**

**Logan’s wages are \$1,500 weekly.**





# Withholding example for manual payroll systems using the Wage Bracket Method (cont'd)

## Worksheet 2. Employer's Withholding Worksheet for Wage Bracket Method Tables for Manual Payroll Systems With Forms W-4 From 2020 or Later

Keep for Your Records



Note. This illustrates what the 2020 procedure could look like by using the 2019 tax parameters.

Table 4

Monthly	Semimonthly	Biweekly	Weekly	Daily
12	24	26	52	260

### Step 1. Adjust the employee's wage amount

1a	Enter the employee's total taxable wages this payroll period .....	1a	\$ 1,500
1b	Enter the number of pay periods you have per year (see Table 4) .....	1b	52
1c	Enter the amount from Step 4(a) of the employee's Form W-4 .....	1c	\$ -0-
1d	Divide the amount on line 1c by the number of pay periods on line 1b .....	1d	\$ -0-
1e	Add lines 1a and 1d .....	1e	\$ 1,500
1f	Enter the amount from Step 4(b) of the employee's Form W-4 .....	1f	\$ -0-
1g	Divide the amount on line 1f by the number of pay periods on line 1b .....	1g	\$ -0-
1h	Subtract line 1g from line 1e. If zero or less, enter -0-. This is the <b>Adjusted Wage Amount</b> .....	1h	\$ 1,500



# Withholding example for manual payroll systems using the Wage Bracket Method (cont'd)

## Step 2. Figure the Tentative Withholding Amount

- 2a Use the amount on line 1h to look up the tentative amount to withhold in the appropriate Wage Bracket Table in this section for your pay frequency, given the employee's filing status and whether the employee has checked the box in Step 2 of Form W-4. This is the **Tentative Withholding Amount** .....

2a \$ 147

## 2020 Wage Bracket Method Tables for Manual Payroll Systems With Forms W-4 From 2020 or Later

*Note. This illustrates what the 2020 tables would look like by using the 2019 tax parameters.*

### WEEKLY Payroll Period

If the <b>Adjusted Wage Amount</b> (line 1h) is		Married Filing Jointly		Head of Household		Single	
		Form W-4, Step 2,		Form W-4, Step 2,		Form W-4, Step 2,	
		Standard withholding	Checkbox withholding	Standard withholding	Checkbox withholding	Standard withholding	Checkbox withholding
At least	But less than	The amount of income tax withheld shall be:					
\$1,490	\$1,500	\$116	\$198	\$144	\$247	\$198	\$275
\$1,500	\$1,510	\$117	\$200	\$147	\$249	\$200	\$277
\$1,510	\$1,520	\$118	\$202	\$149	\$252	\$202	\$279
\$1,520	\$1,530	\$119	\$204	\$151	\$254	\$204	\$282
\$1,530	\$1,540	\$120	\$206	\$153	\$256	\$206	\$284



## Withholding example for manual payroll systems using the Wage Bracket Method (cont'd)

### Step 3. Account for tax credits

3a	Enter the amount from Step 3 of the employee's Form W-4 .....	3a	\$	2,000.00
3b	Divide the amount on line 3a by the number of pay periods on line 1b .....	3b	\$	38.46
3c	Subtract line 3b from line 2a. If zero or less, enter -0- .....	3c	\$	108.54

### Step 4. Figure the final amount to withhold

4a	Enter the additional amount to withhold from Step 4(c) of the employee's Form W-4 .....	4a	\$	-0-
4b	Add lines 3c and 4a. <b>This is the amount to withhold from the employee's wages this pay period</b> .....	4b	\$	108.54





- **About Form W-4 Page**
- **Tax Withholding Estimator**
- **Pub 505, Tax Withholding and Estimated Tax**
- **Pub 15-T, Federal Income Tax Withholding Methods**
- **Pub 15 (Circular E), Employer's Tax Guide**



## Key Points

**No longer uses allowances which have been tied to the amount of the personal exemptions.**

**The Form is now divided into 5 Steps.**

**Steps 1 & 5 must be completed to be valid**

**Only newly hired employees in 2020 or any employee hired prior to 2020 who wish to adjust their withholding in 2020 must use the redesigned form.**



## Key Points

**There are five worksheets in Publication 15-T.**

**Publication 15-T includes separate computations based on the method of withholding (Percentage or Wage Bracket Method), Payroll system (automated or manual); and Whether the Form W-4 is a 2020 form or a prior year form.**



# Thank you!





# Highlights of Tax Changes From a Tax Forms Perspective

December 14, 2020



# Objectives

- Knowledge of major income tax changes for tax year 2020
- Knowledge of major tax form changes from 2019 to 2020
- Knowledge of new tax forms for tax year 2020



## Info on Changes to Tax Forms

- Drafts of tax forms, instructions, and some publications (“tax products”) are posted at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) before the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms)
- 500+ “Product pages” ([IRS.gov/Form1040](https://www.irs.gov/Form1040), [IRS.gov/W4](https://www.irs.gov/W4), [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA), etc.) provide links and show any changes that impacted the product after its initial final release; those changes are also at [IRS.gov/FormChanges](https://www.irs.gov/FormChanges)
- All revisions of all tax products are at [IRS.gov/AllForms](https://www.irs.gov/AllForms)





## Recent Tax Laws

- Further Consolidated Appropriations Act of 2020
- Families First Coronavirus Response Act (FFCRA)
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)



## Further Consolidated Appropriations

- P.L. 116-94, Enacted 12/20/2019
- Setting Every Community Up for Retirement Enhancement (SECURE)
- Taxpayer Certainty and Disaster Tax Relief Act of 2019



## SECURE Act

- Small employer automatic enrollment credit—Form 8881, Credit for Small Employer Pension Plan Startup Costs and Auto-Enrollment
- Kiddie tax changes—Instructions for Form 8615, Tax for Certain Children Who Have Unearned Income, impacted for 2018, 2019 and 2020
- Retirement savings and pension changes
- Distribution changes



# Taxpayer Certainty and Disaster Tax Relief Act

- Individual Extenders
- Business and Energy Extenders
- Disaster Tax Relief



# Individual Extenders

- Exclusion for discharge of qualified principal residence indebtedness
- Mortgage insurance premiums
- Medical expense deduction floor
- Tuition and fees deduction



## Disaster Tax Relief

- Retirement fund withdrawals
- New employee retention credit—Form 5884-A, Employee Retention Credit
- New casualty loss rules—Form 4684, Casualties and Thefts



# Coronavirus Tax Changes

- Deferral of payment of employment taxes for employers and self-employed
- Sick and Family Leave credits
- Additional \$300 charitable contribution above-the-line deduction
- Recovery Rebate credit





# Deferral of Employment Taxes

- Payment of part of employer share of social security tax may be deferred.
- Generally, half due 12/31/21, half 12/31/22
- Figured on employment tax return or new Part on Schedule SE, Self-Employment Tax
- Reported on Schedule 3, line 12e



## Sick and Family Leave Credits

- Employers claim on employment tax return
- Self-Employed claim on new Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals
- Also applies to certain household employers



## New Form 7202

- Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals, calculates refundable credits for sick and family leave as a result of the coronavirus
- The sum of the sick leave credit and the family leave credit will be included on Schedule 3 (Form 1040), line 12b
- Each spouse may be eligible to file Form 7202



## Schedule SE (Form 1040)

- Short Schedule SE calculation removed
- Maximum deferral of part of self-employment tax figured in new Part III
- Each spouse may be eligible to defer tax on their Schedule SE



# Form 1040, U.S. Individual Income Tax Return

- Removed Paid Preparer's 3rd Party Designee Checkbox
- Virtual currency question added
- Estimated tax payments line added
- New above-the-line deduction for charitable contributions
- Recovery rebate credit on new line 30



# Form 1040-SR U.S. Tax Return for Seniors

- Remains identical to Form 1040--Same changes
- Form 1040-SR will be four pages for 2020 to preserve bigger entry spaces and fonts
- All lines and line numbers are exactly the same as Form 1040; the only differences are font size and entry space (and page count) are bigger and Form 1040-SR has a standard deduction chart



## Recovery Rebate Credit

- Similar to 2008, taxpayers who didn't get some or all of the Economic Impact Payment they were entitled to will be able to claim the difference as a recovery rebate credit
- Claimed on new line 30 of Forms 1040 and 1040-SR
- Worksheet in instructions to figure the credit





## Schedule 1 (Form 1040), Additional Income and Adjustments to Income

- Schedules 1, 2, and 3 (Form 1040) can now be filed with Form 1040-NR, in addition to being fileable with Forms 1040 and 1040-SR
- Virtual currency question removed from Schedule 1 to Forms 1040 and 1040-SR



## Schedule 3 (Form 1040), Additional Credits and Payments

- Line for other credits on Schedule 3 expanded:
  - Line 12b added for qualified sick and family leave credits from Schedule H and new Form 7202;
  - Line 12e added for deferral of payment of taxes from Schedule H and Schedule SE.
- Estimated tax line removed from Schedule 3, added to Forms 1040 and 1040-SR (and 1040-NR)



## Form 1040-NR, U.S. Nonresident Alien Income Tax Return

- Redesigned to have almost all the same line numbers as Forms 1040 and 1040-NR
- Will use Schedules 1, 2, and 3 (Form 1040)
- Will have 3 new, separate Schedules A, NEC, and OI (Form 1040-NR)
- Form 1040-NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents, obsolete for 2020



## Schedule LEP (Form 1040), Request for Change in Language Preference

- Schedule LEP (Form 1040), Request for Change in Language Preference, is for Limited English Proficiency (LEP) filers
- Allows for individuals to indicate a preference for communications in a language other than English
- The IRS will only send communications (such as a notice) in the preferred language if the communication has been translated. A copy of the communication in English will also be provided



## Efile for Form 1040-X, Amended U.S. Individual Income Tax Return

- Form 1040-X now available to be efiled
- Filed as a refigured Form 1040 with Form 1040-X and an amended return indicator
- Form 1040-X can be efiled only for 2019 tax returns and subsequent years
- Original return must have been efiled



## New Products List

- Schedule LEP (Form 1040)
- Form 7202
- Form 8915 series (Disaster Retirement Plan Distribution and Repayments)
- Schedules A, NEC, and OI for Form 1040-NR
- Spanish products



## New Spanish Products

- Form 1040 will be available in Spanish for first time ever
- Form 1040-SR also
- Instructions for Forms 1040 and 1040-SR in Spanish
- Schedules 1, 2, and 3 will also be translated
- Other products will be translated into Spanish and other languages as resources allow





## Form 1099-NEC, Nonemployee Compensation

- Form 1099-NEC has been restored (previously issued 1979-1982)
- Removes reporting of nonemployee compensation from Form 1099-MISC
- Due January 31
- All Forms 1099-MISC now due February 28



## Additional Resources

- [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus), [IRS.gov/TaxReform](https://www.irs.gov/TaxReform)
- [IRS.gov/DraftForms](https://www.irs.gov/DraftForms), [IRS.gov/AllForms](https://www.irs.gov/AllForms),  
[IRS.gov/LatestForms](https://www.irs.gov/LatestForms)
- [IRS.gov/FormChanges](https://www.irs.gov/FormChanges), [IRS.gov/FormsUpdates](https://www.irs.gov/FormsUpdates)
- [IRS.gov/Form941](https://www.irs.gov/Form941), [IRS.gov/Form1040](https://www.irs.gov/Form1040), etc.
- FAQs (links at [IRS.gov/Form941](https://www.irs.gov/Form941) and [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus))
- Email [TaxForms@irs.gov](mailto:TaxForms@irs.gov) and include “NTF” in subject for questions about content of forms, instructions, or publications



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