

Office Memorandum

Date: December 23, 2019
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **Federal Form W-4 Changes in SEMA4 and Self Service**

The federal Form W-4 has been significantly changed for 2020. The Tax Cuts and Jobs Act caused changes, where allowances are no longer used to calculate federal income tax withholding. Beginning on 1/1/2020, agency staff and employees making changes to federal withholding must use the new 2020 federal Form W-4. Payroll staff should inform employees of the changes and encourage them to submit an updated Form W-4 for 2020. System changes to align with federal Form W-4 have been implemented and will impact how the W-4 is updated information in SEMA4 and Self Service.

Who Needs to Complete the New Form W-4?

- New employees hired on 1/1/2020 or later. If a new Form W-4 is not submitted, new employees will be treated as single filer without any adjustments.
- Any employees who want to make an adjustment to their 2020 withholding.
- Employees who will be claiming exempt in 2020.

Required Information:

Employees should refer to [Form W-4](#) for general instructions.

- At a minimum, steps 1 and 5 are required.
- Steps 2, 3, and 4 should be used only if they apply to the tax payer's situation.

What Will Change for Agency Staff?

Beginning 1/1/2020, when making changes to the withholding information in SEMA4, agency staff must ensure that the correct Federal Form W-4 version radio button is selected on the Federal Tax Data page.

Federal Form W-4 Version ⓘ

2020 or Later 2019 or Earlier

2019 or Earlier:

Select **2019 or Earlier** when inserting an employee Tax Data record that will include only a new, or changed, **State Tax Data** record for an employee that has not yet submitted a federal Form W-4 for tax year 2020 or later.

The screenshot shows the 'Federal Form W-4 Version' section with two radio buttons: '2020 or Later' (unselected) and '2019 or Earlier' (selected). Below this is the 'Federal Withholding Elements' section, which is highlighted with a red border. It contains the following fields:

- *Special Withholding Tax Status: None (dropdown)
- *Tax Status: Single (dropdown) with the text 'Single' to its right.
- Check here and select Single status if married but withholding at single rate.
- Withholding Allowances: 0 (input)
- Additional Amount: \$0.00 (input)
- Additional Percentage: 0.000 (input)

2020 or Later:

Select **2020 or Later** when inserting an employee Tax Data record that will include a new, or changed, **Federal Tax Data** from federal Form W-4 for 2020. Different fields will display in the Federal Withholding Elements section when the 2020 or Later radio button is selected.

The screenshot shows the 'Federal Form W-4 Version' section with two radio buttons: '2020 or Later' (selected) and '2019 or Earlier' (unselected). Below this is the 'Federal Withholding Elements' section, which is highlighted with a red border. It contains the following fields:

- *Special Withholding Tax Status: None (dropdown)
- *Tax Status: Single (dropdown) with the text 'Single' to its right.
- Multiple Jobs or Spouse Works
- Dependent Amount: \$0.00 (input)
- Other Income: \$0.00 (input)
- Deductions: \$0.00 (input)
- Extra Withholding: \$0.00 (input)

Claiming Exempt:

When an employee claims exempt to federal withholding, the **Special Withholding Tax Status** field should be updated to **Maintain Taxable Gross** and the appropriate Source Document selected.

The screenshot shows a 'Tax Data' form with the following fields and values:

- Company: SMN
- State of Minnesota
- *Effective Date: 01/23/2019
- Updated By: System
- Date Last Updated: 10/23/2019
- Federal Form W-4 Version: 2020 or Later, 2019 or Earlier
- Federal Withholding Elements:
 - *Special Withholding Tax Status: Maintain taxable gross
 - *Tax Status: Single
 - Multiple Jobs or Spouse Works:
 - Dependent Amount: \$0.00
 - Other Income: \$0.00
 - Deductions: \$0.00
 - Extra Withholding: \$0.00
- Source Document: W-4 for Federal

NOTE: If an effective date of December, 2019 is entered and the radio button for 2020 or later is selected; then an error message will occur.



What Will Change for Employees?

Employees submitting changes in Self Service should refer to the employee announcement [Federal Form W-4 Changes in Self Service](#).

NOTE: Beginning 1/1/2020, the federal Form W-4 can no longer be used as a form for MN withholding changes. Employees would need to submit the Form W-4MN for Minnesota withholding.

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Resources

- Agency staff should encourage employees to use the [Tax Withholding Estimator](#) tool available on the IRS website.
- For employee questions on W-4 reprints, the existing On-Demand report FIHU2447 W-4 Reprint report remains available. A new On-Demand report for the 2020 W-4 Reprint will be available later. We will notify you when it is available.
- For additional information refer to the [Payroll Tax Withholding & Refiling for Calendar Year 2020](#) bulletin.

Questions?

Agency Payroll, HR, and Accounting staff should contact Jennifer Goossen at 651-201-8072 or jennifer.goossen@state.mn.us.