

# 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.

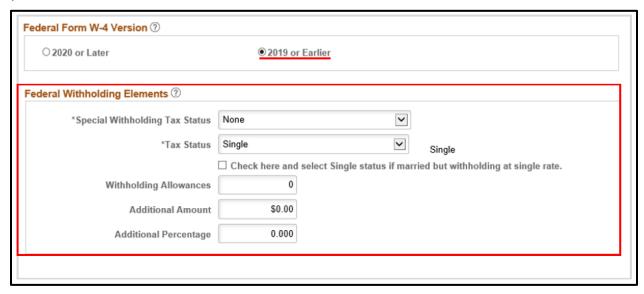
## What Will Change for Agency Staff?

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.



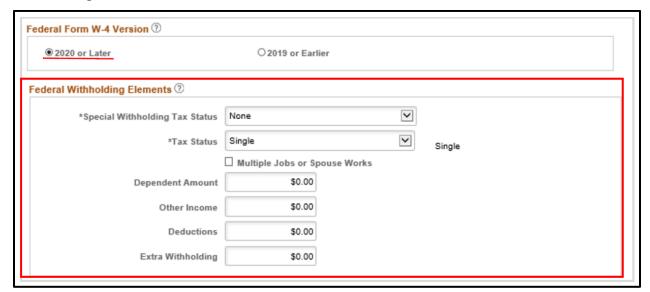
#### 2019 or Earlier:

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.



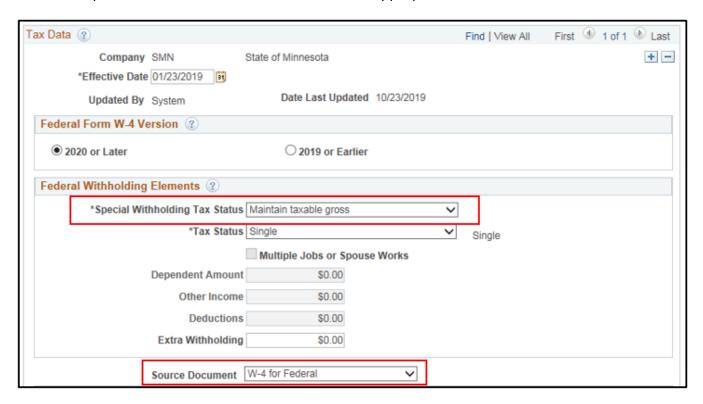
#### 2020 or Later:

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.



## **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.



**NOTE:** If an effective date of December, 2019 is entered and the radio button for <u>2020 or later</u> 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 <u>Federal</u> <u>Form W-4 Changes in Self Service</u>.

**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.

#### Resources

- Agency staff should encourage employees to use the <u>Tax Withholding Estimator</u> 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 <u>Payroll Tax Withholding & Refiling for Calendar Year 2020</u> bulletin.

## **Questions?**

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