An employee’s guide to the 2020 W-4

For 2020, all employees need to complete steps 1 and 5 in the new W-4. Steps 2, 3, and 4 are only completed if certain criteria apply. We’ll cover each of these steps in detail here.

How to fill out the new Form W-4

If you’re an employee, follow the steps below.

Step 1: Enter Personal Information

This is mostly unchanged. You will need to fill out your basic information: 1) Name; 2) Social Security number; 3) Address; 4) City/town, state, and ZIP; 5) Filing status. Nothing too complicated.

Here's what it looks like:

Below the personal information fields in Step 1, there are Steps 2 through 4. Most likely, these steps won't apply to you if you’re single with only one job or you’re married and your spouse doesn’t work.

Step 2: Multiple Jobs or Spouse Works
This section addresses the “Two Earners/Multiple Jobs Worksheet” from the 2019 W-4 form. Most commonly, this step is for anyone who has more than one job or is married filing jointly and whose spouse works.

Checking box 2(c) tells your employer that you have multiple jobs. If you don’t want to disclose that fact, don’t check the box.

Complete Steps 3–4 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/WHApp 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.)

In this step, the form notes that individuals with multiple jobs should complete Form W-4 with the information from their highest-paying job. That should result in the most accurate withholding.

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If you work more than one job, steps 3 through 4b should only be completed on one W-4 form.

Step 3: Claim Dependents

This section determines your eligibility for the child tax credit. It’s a relatively simple step to complete:

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

The TCJA changed the law so more people would qualify for the child tax credit. Single taxpayers with an income of $200,000 or less ($400,000 if married filing jointly) will be eligible.

Your number of qualifying children under age 17 multiplied by $2,000 will go into the first box. The number of other dependents multiplied by $500 will go in the second box. The sum of those two numbers will go on line 3.

Step 4: Other Adjustments

This section is for various things you may want to account for.

Here’s what it looks like:
These areas include:

- (a): Other income (not from jobs). Additional income that might not be subject to withholding, like dividends or retirement income.
- (b): Deductions. Itemized deductions like mortgage interest and charitable contributions that will exceed your standard deduction
- (c): Extra withholding. Any extra withholding that you would like to withhold each pay period.

Step 5: Sign the form

Easy enough, right? Okay.

Keep in mind that if you don’t sign the form, it’s invalid. That means your employer will disregard your new W-4 selections and withholding, and instead calculate your withholding as “Single.”

New worksheets on Form W-4

Moving on. The new 2020 Form W-4 has only two worksheets, down from three on the 2019 form. We’ll cover both here so you can understand if you should use them, and why.

Multiple Jobs Worksheet
If you choose option b in Step 2, you will need to complete the Multiple Jobs worksheet. According to the IRS, this worksheet is less accurate than the tax estimator, but it provides the maximum amount of privacy.

Line 1

Line 1 is for anyone who has two jobs or is filing jointly with a spouse who also works.

Using the tables on page four, find the wages or salary for the “Higher Paying Job” in the column on the left (see below) and cross reference it with the amount of wages or salary from the “Lower Paying Job” in the columns moving left to right.

<table>
<thead>
<tr>
<th>Higher Paying Job Annual Taxable Wage &amp; Salary</th>
<th>Married Filing Jointly or Qualifying Widow(er)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lower Paying Job Annual Taxable Wage &amp; Salary</td>
</tr>
<tr>
<td></td>
<td>$0 - 9,999</td>
</tr>
<tr>
<td>$0 - 9,999</td>
<td>$0</td>
</tr>
<tr>
<td>$10,000 - 19,999</td>
<td>220</td>
</tr>
<tr>
<td>$20,000 - 29,999</td>
<td>850</td>
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<tr>
<td>$30,000 - 39,999</td>
<td>900</td>
</tr>
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<td>$40,000 - 49,999</td>
<td>1,220</td>
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<tr>
<td>$50,000 - 59,999</td>
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</tr>
<tr>
<td>$60,000 - 69,999</td>
<td>1,220</td>
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<td>2,720</td>
</tr>
<tr>
<td>$400,000 - 549,999</td>
<td>2,720</td>
</tr>
<tr>
<td>$450,000 and over</td>
<td>3,140</td>
</tr>
</tbody>
</table>

At the intersection of these two amounts is the figure you will enter on line 1.

Note that the screengrab above is the table for taxpayers who are *married filing jointly* or *qualifying widow(er)*. There is a separate table for single and married filing separately taxpayers and yet another separate table for taxpayers filing as head of household. Be sure you're using the right table.
Step 2b — Multiple Jobs Worksheet (Keep for your records.)

If you choose the option in Step 2b on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on only ONE Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job.

Note: If more than one job has annual wages of more than $120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/4WApp.

1 Two jobs. If you have two jobs or you’re married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, skip to line 3.

2 Three jobs. If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.

   a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a.

   b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b.

   c Add the amounts from lines 2a and 2b and enter the result on line 2c.

3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc.

4 Divide the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in Step 4(e) of Form W-4 for the highest paying job (along with any other additional amount you want withheld).

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Line 2

Line 2 is for someone who has three total jobs on their own or with a spouse.

Line 2a is for the two highest-paying jobs. Again, find the wages or salary for the highest-paying job in the column on the left and the wages or salary for the second-highest across the top. The figure at the intersection of those two figures will go on line 2a.

For line 2b, the wages and salaries for the two highest-paying jobs need to be added together and found in the column on the left. The wages and salaries for the third job will be found in the row across the top of the table. The value at the intersection of those two figures will go on line 2b. The sum of lines 2a and 2b goes on line 2c.
Lines 3 and 4 apply to everyone who chooses to fill out the Multiple Jobs worksheet.

Line 3 is the number of pay periods per year for the highest-paying job. For example, if that job pays weekly, then 52 goes on line 3. If the jobs pays bi-monthly, then 24 should be entered.

Line 4
Line 4 simply divides the amount on either line 1 or 2c by the number of pay periods on line 3. It’s the amount that’s provided in step 4c.

Deductions worksheet
The deductions worksheet is for anyone who plans to itemize deductions. Since the TCJA increased the standard deduction, way fewer people will itemize their deductions. Many high-earners will still itemize, however, so proceed accordingly.

For 2020, if you believe your itemized deductions will exceed $12,200 (if you’re single or married filing separate), $24,400 (if you’re married filing jointly), or $18,350 (if you’re the head of household), you should consider filling out the deductions worksheet.
Anyone filling out this worksheet should have their prior-year tax return handy to help get a good idea of what those deductions might be.

Should I fill out a new W-4?
The short answer is: It depends.

Here’s a list of questions to ask yourself:

- Are you married? If yes, does your spouse work?
- Do you or your spouse have a second job?
- Do you have any new dependents?
- Is there a chance that you won’t use the standard deduction?
- Did you get a large tax bill or have a large refund last year?
  If you answer “Yes” to any of those questions, then we recommend revisiting your W-4. If you were hired in 2020, then you have to complete the new W-4.

You can also refer to the new W-4 Frequently Asked Questions published by the IRS, which provides further guidance on whether you should adjust your W-4 elections for 2020.