

DAS-SAE

CENTRALIZED PAYROLL

FEDERAL & STATE W-4

FLAT TAX

W2 DUPLICATE REQUEST

REVISED FEBRUARY 2020

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Form W-4 Federal and IA W-4

A copy of the W-4 form is required to be submitted to payroll only if the employee has claimed exempt from withholding on either the federal or state form W-4. It is no longer necessary to send Centralized Payroll copies of the W-4 form for any other reason.

IRS Publication 15 – Circular E, Employer’s Tax Guide provides guidance on the Federal W-4 requirement. The employer must request a new Form W-4 from any employee that claims exempt from Federal taxes by February 15th. On February 16th, any Form W-4 claiming exemptions from withholding from the previous year has now expired. You will now need to begin withholding for any employee who previously claimed exemption from withholding but hasn't given you a new Form W-4 for the current year. If the employee doesn't give you a new Form W-4, Please key a P1 #239 and for federal, withhold tax as if they had checked the box for Single or Married filing separately in Step 1(c) and made no entries in the Step 2, Step 3, or Step 4 of the 2020 Form W-4.

State of Iowa Administrative Code 701 – Chapter 46.1(1)c states that employees claiming exemption for withholding of Iowa taxes must fill out a new Iowa W-4 form claiming exempt for the calendar year by February 15th of each year. Iowa Administrative Code 701-46.3(2) states that if the employee fails to furnish a W-4 certificate the employee shall be considered as claiming no withholding allowances.

If an employee is claiming exempt or claiming state withholdings in excess of 22, a copy of the Iowa W-4 should be sent to the Iowa Department of Revenue-Compliance Services. Please be sure to write ‘State of Iowa-Centralized Payroll’ in the Employer information box on the form.

Employers: The employer must maintain records of the W-4s. If the employee is claiming more than 22 withholding allowances or is claiming exemption from withholding when wages are expected to exceed \$200 per week, complete the information below and within 90 days send a copy to Compliance Services, Iowa Department of Revenue, PO Box 10456, Des Moines, Iowa 50306-0456.

Employer name: _____ FEIN: _____
Employer address: _____
City: _____ State: _____ ZIP: _____

Centralized Payroll only needs copies of the W-4 when the employee initially claims an exempt status. In subsequent years, we do not need a copy of the new W-4 and a P1 does not need to be entered since the status is not changing. Original W-4 forms should be maintained in the employees personnel file.

W-4 Tips

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

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

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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 you received it. (IRC §3402(f)(3)(B)(i); IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2015.)

Although IRS does not restrict the number of W-4 forms filed by an employee, it is reasonable to expect that an agency can designate a discretionary 'cutoff date' each pay period, to allow for timely processing and completion of all payroll related forms and HRIS transactions.

Employers should compare the name on the Form W-4 against the name appearing on the employee's Social Security card. If the name on the Form W-4 differs from the employee's Social Security card, make sure that Form W-4, box 4 is checked. If box 4 is not checked in this case, employers should treat the Form W-4 as invalid.

IRS Lock in Letters

Since 2005, the IRS uses information reported on the Form W-2 to identify instances where there is significant under withholding of federal income tax. The IRS may send the employer a lock-in letter that specifies the marital status and maximum number of allowances an employee may claim for federal income tax withholding.

DAS/Central Payroll will handle all processing on IRS Lock in letters received. Notification letter will be mailed to employee, P1 type 239-Tax Status change will be keyed with remarks stating IRS lock in letter date and filing status being mandated, and an email notification will be sent to HRA to advise accordingly.

The information contained in the IRS lock-in letter will trump the employee's Form W-4, if using the employee's Form W-4 will result in less income tax withholding than required by the lock-in letter. Employers must withhold federal income tax using the withholding allowances and marital status specified in the lock-in letter for any wages paid after the date specified in the letter. If a Form W-4 is in effect before you receive a lock-in letter, you should continue withholding based on that Form W-4 if the current Form W-4 does not claim exemption from withholding and claims a marital status, withholding allowances and additional withholding that result in more withholding than would result from following the instructions in 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 on the basis of 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 exempt from withholding or the W-4 results in less withholding than would result under the terms of 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 that required under the lock-in letter or modification notice, the employee must contact the IRS. The employer must withhold on the basis of 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; Treas. Reg. §31.3402(f)(2)-1; IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2015.)

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Request Flat Income Tax Withholding Adjustment

If an employee is receiving a lump sum payment, such as move pay, termination or settlement, they may want to choose the option of having the supplemental (or flat) tax withholding rate applied in lieu of using the biweekly tax tables. This may result in the employee having less tax withheld from that pay warrant. The effect of claiming flat tax can be calculated and compared using the Gross-to-Net payroll calculator. To enter flat tax for federal, enter “5” in the FED TAX STATUS field and for state enter “99” for the number of withholding allowances/exemptions. The W-4 form can be used to accomplish this, or the employee can sign the form entitled “Request for Federal and State Income Tax Withholding Adjustment”.

Federal and State Withholding Adjustment Request (Flat Rate) forms can be found on DAS-State Accounting/Central Payroll website, under ‘Payroll Forms and Publications’.

Duplicate W-2 wage and tax statement

If an employee needs a duplicate form W-2, they must complete the required SAE Centralized Payroll form, sign and submit it along with a payment of \$5.00 for each year requested. SAE Centralized Payroll will complete the duplicate W-2 as soon as possible. The completed duplicate W-2 form can be mailed to the employee’s home address, picked up at DAS-SAE window (must show valid identification) or provided to them at their work location.

Duplicate W-2 request forms can be found on DAS-State Accounting/Central Payroll website, under ‘Payroll Forms and Publications’.