

## New 2020 W-4 -

Happy New Year!

Along with the start of a new decade came the release of a new Form W-4. Our phones have been ringing with several questions regarding this new form, including what the rules are, how to fill it out, and why it was even updated! This W-4 brings along many new, big changes.

## The IRS has released a new W-4 for 2020.

It is the responsibility of the church employees who process payroll and make payroll tax deposits to stay informed regarding this new information. We encourage all employees who are responsible for payroll to **read the IRS Publication 15-T** explaining these changes.

The following are some important items to take note of:

- 1) All employees hired beginning with 1/1/2020, are required to complete the new Form W-4. This requires your Church to use the new tax tables required by the new form.
- 2) Any employees hired before 2020 are not required to update to the new W-4; however, we suggest requiring all employees to update to the new form.
- 3) The purposes of this updated form are to more accurately reflect the changes seen with the Tax Cuts and Jobs Act from 2018 and to take into account multiple jobs within a household when determining what an employee should withhold.
- 4) There is a potential of needing 6 tax tables in PowerChurch just for Federal withholding. The potential six tables are:
  - Federal Married Rate (using the old W-4)
  - Federal Single Rate (using the old W-4)
  - Federal Head of Household Rate (using the old W-4)
  - Federal Married Rate (using the new W-4)
  - Federal Single Rate (using the new W-4)
  - Federal Head of Household Rate (using the new W-4)
- 5) Allowances are no longer included on the new W-4. This amount will be zero in the Deduction and Exemption Information screen for the tax tables using the new W-4.

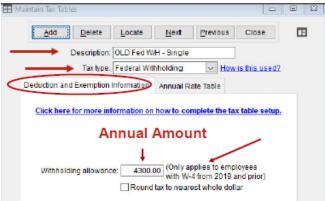
This newsletter contains information about churches and tax matters. This information is general in nature and does not consider your organization's specific circumstances. This information should not be treated as an alternative to taxation advice from an appropriately qualified professional. If you have specific questions, please consult Stewardship Resources, LLC (a division of Summit Tax & Accounting, LLC) at (217) 877-6766 for advice tailored to your need.

6) The specific line items found on the first page of the new W-4 will be entered in the following screen:

Accounting > Payroll > Maintain List of Employees > Pay Items > Federal Withholding

dit Item	
Item no.:	900 Process
Description:	Federal Withholding
Tax table:	NEW Fed W/H - Married
Withholdings:	
W4 Box 3 Dependents:	4000.00 ⑦
W4 Box 4a Other Income:	2500.00
W4 Box 4b Deductions:	27000.00
W4 Box 4c Additional withholding:	50.00

7) For any employees hired prior to 1/1/2020 who are not updating their W-4, the tax tables must be manually updated within PowerChurch. The IRS updated tables for the new year can be found in IRS Publication 15-T. The withholding allowance must also be updated to \$4,300.



If you are feeling overwhelmed or have questions, please reach out to us. These are big changes and we are happy to help your Church work though them.

Have a Blessed New Year!

Have questions? Feel overwhelmed or need assistance?

WE CAN HELP! Our trainers, knowledgeable in accounting practices as well as PowerChurch Plus, can provide the help you need. Call us at 217-877-6766. Visit our website at <a href="https://www.cpachurch.com">www.cpachurch.com</a>.

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