Federal and state
Form W-4 compliance
Tax year 2016
Spring is in the air, and that means it’s time for employees to get their tax matters in order for 2016. With the 2015 tax-filing season now over for most employees, they likely already know about changes they may need to make to their Form W-4, Employee’s Withholding Allowance Certificate. To assist payroll departments in dealing with the myriad issues likely to arise at this time of year, we offer the top 10 Form W-4 questions of 2016 and an update to our annual state Form W-4 survey.

**Tip 1**

**Know what to do when there is no Form W-4 or state equivalent on file**

The IRS and state taxing authorities encourage employees to provide a timely Form W-4 (or state equivalent) to their employers by mandating income tax withholding at an assumed higher rate of tax when there is no form on file.

For federal income tax withholding purposes, when there is no valid Form W-4 on file, the employer is required to assume that the employee filed a certificate as single with zero allowances. The result of this rule is a higher amount of federal income tax withholding than applies when claiming married or when claiming personal allowances. ([§31.3402(f)(2)-1; IRS Publication 15 (rev. 2016).](#))

As you can see in our 2016 state Form W-4 survey (see page 11), a unique withholding allowance certificate applies in some states, and consequently, the assumption made when a withholding certificate is missing is sometimes unique. For instance, if an Arizona employee has failed to provide a Form A-4, the employer is required to withhold at 2.7% of the employee’s gross taxable wages. ([Arizona Department of Revenue, Withholding Tax.](#))

To avoid underwithholding penalties, payroll policies and procedures should include the state and local income tax withholding instructions in the case of a missing withholding allowance certificate, and these procedures should be updated at least once a year.

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**Top 10 Form W-4 tips for 2016**

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Top 10 Form W-4 tips for 2016

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What to tell employees requesting a flat percentage of federal income tax

Generally, employees request flat dollar or percentage withholding so that federal income tax withholding (FITW) matches their anticipated tax liability for the year.

To accomplish this goal, employees should instead fill out the worksheet provided with the Form W-4 and use the fields on the form for marital status, allowances and additional withholding to arrive at the desired withholding amount.

The IRS provides a withholding calculator on its website to help employees determine the correct marital status and withholding allowances to claim on the Form W-4.

Employees may also benefit from any of the IRS resources shown on page 10.

Tip 2

Don’t accept Forms W-4 that are invalid

Employers are frequently concerned about their liability when they suspect that employees are submitting Forms W-4 that do not truthfully reflect their estimated tax liability. For instance, some employees may submit frequent Form W-4 changes to increase their take-home pay or to avoid income tax withholding altogether on special wage payments.

The fact is, the IRS offers specific guidelines for establishing when a Form W-4 is invalid and should be rejected by the employer. Merely suspecting that a Form W-4 is false is not sufficient reason to reject it.

What is an invalid Form W-4? Under IRS regulations, a Form W-4 is invalid if any of the required information is missing or the employee doesn’t sign the form. In addition, a Form W-4 is invalid if the official language on the form is deleted or otherwise “defaced,” including alteration of the perjury statement (the “jurat”), or if there is an addition of an entry or language that is not provided on the official form. Finally, the IRS explains in Circular E, Employer’s Tax Guide, at §31.3402(f)(5)-1(b); IRS Publication 15, Circular E, Employer’s Tax Guide, rev. 2016.

What should you do when an invalid Form W-4 is provided? Employers are required to reject any Form W-4 that is known to be invalid and continue withholding based on the prior Form W-4 filed by the employee. If there is no prior Form W-4 on file, employers are required to compute federal income tax withholding as though the employee claimed single with zero allowances.

It is not the employer’s responsibility to verify the truthfulness of an employee's Form W-4, and unless the form is clearly invalid, no sanctions are imposed against employers for withholding based on a Form W-4 containing false information. Employees, on the other hand, are subject to a penalty of $500 for falsifying the Form W-4. (IRS Publication 15, Circular E, Employer’s Tax Guide, rev. 2016.)

Be mindful of requests for flat tax withholding. Employees sometimes submit a Form W-4 or letter requesting that the employer withhold a flat percentage or dollar amount from their regular wages and/or bonus payments. Interestingly, it may sometimes also be the case that an employee receiving a bonus or equity compensation may request supplemental withholding in excess of 25% or 39.6%.

Whether an employee’s request for flat tax withholding is made pursuant to regular or supplemental wages, employers should be mindful of the IRS rules governing the Form W-4 and the allowable methods for computing federal income tax withholding.

• Flat tax request on Form W-4. In the 2016 Form W-4 instructions, the IRS clarifies that a flat percentage of withholding is not allowed and that a flat dollar amount is allowed only in addition to a prescribed withholding tax method (e.g., percentage method, wage bracket table). A Form W-4 must be altered to request flat tax withholding, and that makes the Form W-4 invalid.
• Exception for supplemental wages. Even in the case of supplemental wages, where the Form W-4 is disregarded, a flat tax rate of 25% applies only when the employer chooses to use the supplemental withholding method, and only when certain requirements are met (e.g., federal income tax was withheld on regular wages in the current or preceding year). For supplemental wages in excess of $1 million in the calendar year, use of the flat tax rate of 39.6% is mandatory.

Employers should not use rates other than the prescribed 25% or 39.6% on supplemental wages without discussing it with a tax advisor. (IRC 3402(a)(1); Publication 15, Circular E, Employer's Tax Guide, rev. 2016.)

What about Social Security Number (SSN) errors and omissions? Clearly, if the employee does not complete all the lines on the Form W-4, particularly those requiring the employee's name and SSN, the form is invalid and must be rejected. The Social Security Administration (SSA) considers an SSN or Taxpayer Identification Number (TIN) missing if it does not have nine numbers or if it includes an alpha character (i.e., a symbol other than an Arabic numeral); therefore, a Form W-4 under these circumstances should also be rejected.

As previously explained, when the Form W-4 is rejected, employers withhold federal income tax based on the previous Form W-4 submitted by the employee. If none was submitted, withhold federal income tax as though the employee claimed single and zero allowances.

If the SSN shown on the Form W-4 is still missing or invalid at the time that Forms W-2 are issued, employers could face a penalty for both the Form W-2 employee copy and the copy filed with the SSA unless it takes certain steps. These follow-up steps for obtaining a penalty waiver for missing or incorrect reporting of a name or SSN are explained in IRS Publication 1586, Reasonable Cause Regulations and Requirements for Missing and Incorrect Name/TINs:

1. IRS notice received concerning missing SSN. If employers receive a penalty notice based on a failure to include the employee's SSN on the Form W-2, and the employer seeks a waiver of the penalty based on the failure of the employee to provide the SSN, the following steps demonstrate that the employer acted responsibly:

• The employer can demonstrate that it made an initial solicitation for the SSN in person, by mail, electronically or by telephone at the time the employee began work. (For example, the employer can provide a copy of the Form W-4 provided by the employee with the missing or incorrect SSN.)

• The employer made an annual solicitation for the employee's SSN during the same calendar year (or by January 31 of the following year for employees who began work during the preceding December). If the employer still did not receive a valid SSN, the employer makes a second annual solicitation by December 31 of the year following the calendar year in which the employee began work. The annual solicitations may be made in person, by mail, electronically or by telephone.
2. **IRS notice concerning invalid SSN.** If the employer received a penalty notice based on a failure to include the correct SSN on the Form W-2, and the employer seeks a waiver of the penalty based on the failure of the employee to provide the correct SSN, the following steps demonstrate that the employer acted responsibly:

- The employer can demonstrate that it made the initial solicitation for the employee’s correct SSN at the time the employee began work, and that it used the SSN provided by the employee (e.g., the employer has a copy of the Form W-4 originally filed by the employee wherein no SSN or an invalid SSN was provided).

- Following receipt of an IRS notice, the employer made an annual solicitation for the correct SSN. If another IRS notice is received in a subsequent year, a second annual solicitation is made. The annual solicitations must be made by December 31 of the year in which the penalty notices are received (or by January 31 of the following year if the notice is received during the preceding December). Solicitations may be made by mail, telephone, electronically or in person. A solicitation is not required if no reportable payments will be made to the employee in that year. The SSN provided by the employee in response to a solicitation must be used by the employer on Forms W-2 due subsequent to receipt of the corrected SSN.

If the employer receives further IRS notices because of a missing or incorrect SSN after making two annual solicitations, the employer is not required to make further solicitations. The employer’s initial and two annual solicitations demonstrate it acted responsibly before and after the failure, and documentation of these steps will establish reasonable cause under the regulations for any penalty to be abated.
Tip 3

Keep in mind that you have 30 days to process Form W-4 changes

Some employees change their Forms W-4 frequently depending on how much money they require to pay upcoming expenses. In other cases, employees submit Form W-4 changes at, near or after a wage payment and expect the change will be immediately or retroactively incorporated in the federal income tax withholding tax calculation.

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 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 it was received. ([§31.3402(f)(3)(B)(i); IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2016.]

Example 1. Employee Daniel submitted a revised Form W-4 to his employer on June 10, 2016. Daniel is paid semimonthly, on the 15th and the last day of the month. His employer must apply the changes on this Form W-4 no later than the first payroll period following July 10 (30 days following June 10), or in this case, no later than July 15, 2016.

Employers are not required to apply Form W-4 changes retroactively, and they should consider the prudence of implementing a policy that generally prohibits this practice.

Tip 4

Be sure to retain a history of Form W-4 changes

The question often arises: does the employer retain all of the Forms W-4 (and state allowance certificates) that are submitted, or just the most recent form submitted?

For federal income tax purposes, all Forms W-4 that were superseded by a revised Form W-4 must be retained for 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.

Example 2. When employee Jim was hired in 2011, he submitted a Form W-4 claiming married with one allowance. On December 26, 2015, he submitted a revised Form W-4 claiming married and zero allowances.

The Form W-4 submitted in 2011 must be retained for four years starting on April 15, 2012, or until April 15, 2016. As a result, through April 15, 2016, the employer must have two Forms W-4 on file for employee Jim: the form submitted in 2011 and the form submitted on December 26, 2015. The Form W-4 submitted on December 26, 2015, must be retained for as long as it remains in effect and for up to four years following Jim's termination (assuming he doesn't submit another Form W-4 before then).

It is easy to see how paper files can become unruly. For instance, if an employer has 2,000 Form W-4 paper submissions each year, that's 8,000 forms that must be archived for a four-year period. And if employees work in states that require a separate withholding allowance certificate, the paper count could substantially increase. This is one of the reasons why electronic systems for gathering this information have become so popular in recent years.

For more information on IRS requirements governing electronic retrieval and storage of Forms W-4, see T.D. 8706 and §31.3402(f)(5)-1(c).
Tip 5

Remember that IRS lock-in letters generally supersede the Form W-4

Since 2005, the IRS has relied on a computerized program that uses information reported on the Form W-2 to identify instances where there is significant underwithholding of federal income tax. As a result of a material difference between federal income tax owed and the federal income tax withheld, 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.

In general, the information contained in the IRS lock-in letter will trump the employee’s Form W-4, particularly if using the Form W-4 would 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, except as provided below. You are required to withhold federal income tax according to the lock-in letter as of the date specified, which is generally computed as 45 calendar days after the date of the lock-in 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 it 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 claims a marital status, withholding allowances and additional withholding that result in less withholding than would result under the terms of the 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; IRS Publication 15, Circular E, Employer's Tax Guide, rev. 2016.)

In general, the information contained in the IRS lock-in letter will trump the employee's Form W-4, particularly if using the Form W-4 would result in less income tax withholding than required by the lock-in letter.

Other requirements pertaining to lock-in letters are as follows.

**Provide notification to employee.** When a lock-in letter is issued, the IRS provides an employee copy. The employee's copy identifies the maximum withholding allowances permitted and the marital status that applies when computing FITW. The employee's copy also indicates the process by which the employee can provide additional information to the IRS for purposes of determining the appropriate number of withholding allowances and/or modifying the marital status. (The IRS also mails a similar notice to the employee's last known address.)

If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.

An individual is deemed to be employed by you for these purposes if, as of the date you receive the lock-in letter:

- You pay wages with respect to prior employment to the employee subject to FITW on or after the date specified in the lock-in letter.
- You pay wages with respect to prior employment to the employee subject to FITW on or after the date specified in the lock-in letter. If the individual is employed by you at the time you receive the lock-in letter, you are required to submit a copy of the notice to the employee within 10 days of your receipt of the lock-in letter. You may follow any reasonable business practice to furnish a copy of the notice to the employee.
- You pay wages with respect to prior employment to the employee subject to FITW on or after the date specified in the lock-in letter.

Note that if the employee resumes the performance of services for you more than 12 months after the date of the notice, you are not required to withhold based on the notice.

**Notify the IRS if the employee is terminated.** If you no longer employ the employee, you must notify the IRS office designated in the lock-in letter that the individual is no longer your employee.

**Modification notice.** After the original mailing of the lock-in letter, the IRS may issue a modification notice. The modification notice may change the marital status and/or the number of withholding allowances permitted. You must comply with the terms of the modification notice according to the date indicated.

**Requirement to withhold after termination of employment.** If the employee is employed as of the date of the notice, but you or the employee terminates the employment relationship after the date of the notice, you must continue to withhold based on the lock-in letter or modification notice if any wages subject to FITW are paid with respect to the prior employment after the termination date. Furthermore, you must withhold based on the notice or modification notice if the employee resumes an employment relationship with you within 12 months after the termination of the employment relationship. Whether the employment relationship is terminated is based on all the facts and circumstances.

**Be aware of payroll system requirements in connection with lock-in letters.** If there is no field in the employee master record or the employee self-service system to indicate that a lock-in letter is in place, employee requests to change Form W-4 data may be made in violation of the lock-in letter.

For this reason, it is important for the payroll system to designate a field for “locking in” an employee's Form W-4 data, having the practical result of rejecting changes in federal (or state and local) W-4 data until a qualified payroll or employment tax analyst updates the lock-in field. In an employee self-service environment, this field would generate a notice to employees attempting to change their W-4 data that such changes cannot be made without IRS approval.

In lieu of an automated mechanism for locking in W-4 data, an edit report could be run prior to processing payroll that displays all employees for whom W-4 data changes have been made. That way, there are no employees on the list for whom a lock-in letter applies.

Payroll systems should offer a field that allows the employer to indicate when Form W-4 changes are prohibited by an IRS lock-in letter.
**Top 10 Form W-4 tips for 2016**

*Continued*

**Tip 6**

Always compare the name on the Form W-4 with the employer's Form W-2 files

Marriage, divorce and other life events can result in a change in the employee's last name. Issues arise for employers and these employees if the name or SSN shown on the Form W-2 doesn't match the name or SSN on file with the Social Security Administration (SSA).

To prevent time-consuming SSA notices and the potential for reporting penalties, employers should compare the name on the Form W-4 against the name appearing on the employee's Social Security card (a copy of the Social Security card can be used for this purpose). If the name on the Form W-4 differs from the employee's Social Security card, verify 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. *(See Tip 2.)* Of course, the SSN on the Form W-4 should also agree with that shown on the Social Security card.

Taking these steps will show reasonable cause for abatement of penalty for name/SSN reporting errors on the Form W-2. *(IRS Pub. 1586, Form W-4, rev. 2016.)*

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**Tip 7**

Remember that US nonresident aliens are subject to special Form W-4 rules

All employees working in the US, including nonresident aliens (NRAs), are required to submit a completed and signed Form W-4 to the employer. The procedures that apply for completing the Form W-4 differ for employees who are US residents and those who are NRAs.

Specifically, an NRA is required to:

- **Not claim exempt from federal income tax withholding.** Instead, an NRA who believes that wages will be exempt from FITW (e.g., a treaty exemption applies) is required to separately complete, sign and give to the employer Form 8233, *Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual.*

- **Request withholding at single with one allowance.** An NRA completes the Form W-4 checking single (regardless of marital status). Except for an NRA who is a resident of Canada, Mexico or South Korea, or a student or business apprentice from India, an NRA is also not allowed to claim more than one allowance. An NRA may claim zero allowances or additional withholding.

- **Write “NRA” above the dotted line on Line 6 of Form W-4.** Employers using an electronic system for capturing Form W-4 information will need to include a field where employees check “NRA” when it applies.

Refer your employees to IRS Notice 1392 for more information.

Reciprocal agreements are generally not an automatic exemption from state nonresident income tax. Montana, like most states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who have completed the required exemption certificate.
Tip 8
Be certain to obtain the applicable state nonresident certificate before excluding wages from income tax withholding

Where there is likely to be travel into a nonresident state because of its close proximity to other states, a reciprocal agreement may allow the employer to exclude the employee's wages from nonresident state income tax. For example, Montana has a reciprocal agreement with North Dakota whereby North Dakota residents who are working in Montana are subject only to the resident income tax withholding requirements of North Dakota. The exclusion doesn’t apply unless the nonresident employee completes, signs and returns to the employer Form MT-R, Reciprocity Exemption from Withholding.

Reciprocal agreements are generally not an automatic exemption from state nonresident income tax. Montana, like most states with reciprocal agreements, extends the exclusion from nonresident income tax only to those employees who have completed the required exemption certificate.

Employers are potentially liable for state nonresident income tax withholding in the absence of these exemption certificates.

Although the IRS repealed the requirement to submit copies of certain Forms W-4, 24 state income tax authorities and the District of Columbia and Puerto Rico continue to impose this requirement, according to Ernst & Young LLP’s 2016 survey.
Top 10 Form W-4 tips for 2016

Continued

Tip 9
File state withholding allowance certificates when and where required

Don't assume the federal Form W-4 is valid for state income tax withholding purposes. See the Ernst & Young LLP state survey on page 11.

Once upon a time (prior to 2005), employers were required to submit copies of all Forms W-4 to the IRS on a quarterly basis in cases where the employee (1) claimed more than 10 personal allowances or (2) claimed to be exempt from withholding and normally earned more than $200 per week. The IRS no longer requires the routine filing of Forms W-4. However, employers must submit copies of Forms W-4 for certain employees when the IRS requests them. When submitting copies of Forms W-4 to the IRS, you generally should complete boxes 8 and 10.

(See page 11 for Ernst & Young LLP's 2016 survey of state withholding allowance certificate requirements.)

Don't assume the federal Form W-4 is valid for state income tax withholding purposes. See the Ernst & Young LLP state survey on page 11.

Tip 10
Don't assume the federal Form W-4 is used for state income tax withholding purposes

Sometimes, the payroll system will default to the information provided on the federal Form W-4 if there is no comparable state (or local) form submitted.

This default approach to state (and local) income tax withholding is risky where a jurisdiction mandates the use of its own withholding allowance form. For instance, Arizona specifically requires that the Arizona withholding allowance certificate be used. (For the Ernst & Young LLP February 2016 survey of state Form W-4 requirements, see page 11.)
It is a common pitfall to assume that an employee’s federal Form W-4 can also be used for state income tax withholding purposes. In fact, many states do not accept the federal Form W-4, instead requiring a state-specific form.

One reason that states require a separate form is that the rules governing state (and local) income tax withholding may not always mirror federal, and over- or underwithholding may result from using the federal Form W-4.

Note that 26 state income tax authorities (including the District of Columbia) require that certain copies of employee withholding certificates be filed with the state. If you outsource employment tax filing to a third party, be sure to confirm the extent to which you are assisted in complying with this filing requirement.

Also note that some states (even those that allow use of the federal Form W-4) may have special state withholding allowance certificates. For instance, most states require a special certificate for employees claiming to be exempt from state income tax withholding (e.g., Montana Form MRS, Employee Certificate of Status under the Military Spouses Residency Relief Act (Withholding exemption certificate)). Effective in 2015, North Carolina requires a separate withholding certificate for US nonresident aliens (NC-4NRA).

The following is the 2016 Ernst & Young LLP survey of some of the state rules that apply to state withholding allowance certificates.

### State withholding allowance certificate requirements (March 2016)

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<thead>
<tr>
<th>State</th>
<th>State income tax form number</th>
<th>Use of federal Form W-4 allowed?</th>
<th>State has provisions for mailing in copies of certain allowance certificates</th>
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<td>Federal Form W-4</td>
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<td>Employees complete the federal Form W-4 for both federal and Colorado wage withholding tax purposes.</td>
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<td>If federal and Delaware withholding allowance requirements differ, the employee shall file Federal Form W-4/W-4A, or equivalent provided by the employer, and indicate separately the number of allowances claimed on said form “for State of Delaware Purposes.”</td>
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<td>Employees can request a different Idaho income tax withholding amount by claiming fewer dependents for Idaho purposes. Employees can add this information at the bottom of the federal Form W-4. They can’t request less Idaho income tax withheld by listing more dependents.</td>
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### Ernst & Young LLP's survey of state Form W-4 requirements (tax year 2016) (Continued)

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<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Minnesota</td>
<td>W-4MN</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Mississippi</td>
<td>89-350</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Missouri</td>
<td>MO W-4</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Montana</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>Yes</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>No</td>
</tr>
<tr>
<td>Nevada</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New Jersey</td>
<td>NJ-W4</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>No</td>
</tr>
<tr>
<td>New York</td>
<td>IT-2104</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>State</td>
<td>State income tax form number</td>
<td>Use of federal Form W-4 allowed?</td>
<td>State has provisions for mailing in copies of certain allowance certificates</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------------------------</td>
<td>-----------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>North Carolina</td>
<td>NC-4</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>(US nonresident aliens must complete NC-4 NRA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>North Dakota has no state Form W-4 equivalent.</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td>IT 4</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>No</td>
</tr>
<tr>
<td>Oregon</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If federal and state withholding allowances differ, employees can fill out a different W-4 with different information for Oregon. They should indicate the change and write “For Oregon Only” at the top of the W-4.</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td></td>
<td>Pennsylvania has no equivalent to the federal Form W-4. Personal exemptions, standard deductions or dependent credits are not allowed.</td>
<td>N/A</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>RI W-4</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Federal Form W-4 applies, but if employees want additional Rhode Island withholding, they may file RI W-4.</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If employees wish to claim fewer exemptions for South Carolina purposes, they should complete federal Form W-4 and write &quot;for South Carolina purposes only&quot; across the form, and show the number of exemptions that they want to claim.</td>
<td></td>
</tr>
<tr>
<td>South Dakota</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tennessee</td>
<td>N/A</td>
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<tr>
<td>Texas</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Utah</td>
<td>Federal Form W-4</td>
<td>No equivalent state form</td>
<td>No</td>
</tr>
<tr>
<td>Vermont</td>
<td>W-4VT</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use Form W-4 if no W-4VT on file. Employers should have all employees complete Form W-4VT. If the federal Form W-4 indicates an additional amount of federal withholding for each pay period on Line 6, the Vermont withholding should be increased by 24.0% of the extra federal withholding.</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>VA-4</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Washington</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>
### Ernst & Young LLP's survey of state Form W-4 requirements (tax year 2016)  
*Continued*

<table>
<thead>
<tr>
<th>State</th>
<th>State income tax form number</th>
<th>Use of federal Form W-4 allowed?</th>
<th>State has provisions for mailing in copies of certain allowance certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Virginia</td>
<td>WV/IT-104</td>
<td>Yes Federal Form W-4 is used unless employee requires additional withholding for West Virginia purposes.</td>
<td>No</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>WT-4</td>
<td>Yes The federal Form W-4 is used only if the employee claims the same number of withholding exemptions for Wisconsin withholding tax purposes as for federal withholding tax purposes; otherwise, WT-4 is required.</td>
<td>Yes</td>
</tr>
<tr>
<td>Wyoming</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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</table>

Much of the information in this survey was obtained through review of state revenue department administrative guides or informational telephone or email surveys with state governmental agencies. Although state administrative guides, telephone and email surveys are useful in determining how government departments currently treat an issue, answers and positions derived from such sources are not binding upon the state, cannot be cited as precedent and may change over time. Hence, they cannot be relied upon.
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ED None

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