

Payrollnews

November 2018

IRS Delays Changes to W-4s - Find out why with DMPS!

The big question payroll pros have been anxiously asking - What's going to happen to W-4s in 2019? - has finally been answered.

On September 20, 2018, the IRS announced that they will delay any major revisions to Form W-4, until the year 2020.

At **DM Payroll Services**, we're here to keep you updated and informed on all the legislative changes that affect how your payroll gets processed.

How it Started

Why did the IRS want to modify W-4s for 2019? The push came after the passing of the Tax Cuts and Jobs

Act (TCJA) last December.

After the tax bill's passing, the IRS stated that they, "May make more significant changes to withholding in 2019 given their new discretion over the withholding structure provided in the Tax Cuts and Jobs Act."

Because the act would go on to lower employees' income tax rates, simplify tax brackets, and remove personal exemptions - a new Form W-4 would be needed to reflect these changes.

The Problem

In June 2018, the IRS released a preliminary draft of their 2019 W-4 for review - and the response

from payroll pros was staggering.

The American Payroll Association (APA), an organization that services the interests of more than 20,000 payroll professionals nationwide, was concerned that the proposed W-4 would be too complex for both employees and employers to manage.

While the draft version of Form W-4 is only one page, the instructions explaining how to complete it was over eleven pages long.

In a letter written in response to the IRS, the APA wrote, "Many employers may not have the resources to implement system upgrades that can accommodate processing of both the old and new Form W-4."

A Matter of Privacy

The complexity of the 2019 W-4s weren't the only cause for concern however.

Due to the elimination of personal exemptions that came from the TCJA, the IRS required employees to provide their private financial information to their employers in order to comply.

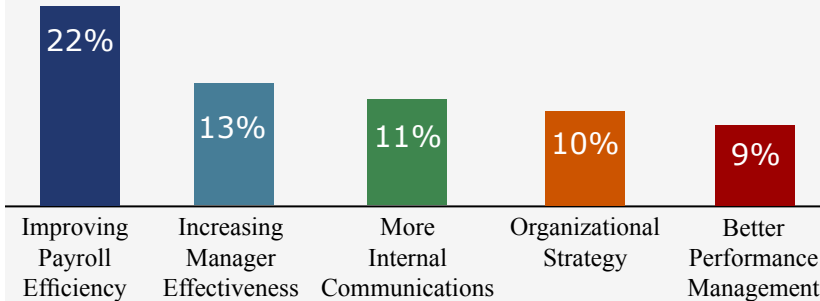
What does this mean exactly? Well, employees would be

continued on next page



The Great Cost of Compliance

The Workforce Institute, a research and education firm focusing on critical workplace issues facing organizations around the world, surveyed almost 1,000 payroll professionals. They asked the payroll pros, "What would you prioritize if you could spend less time and money on compliance?" Here's what they said:



Source: <https://www.americanpayroll.org/news-resources/apa-news/>

IRS Delays Changes to...

continued from front

obligated to identify to their employer if they have a nonwage income not subject to withholding, more than one job, and even the income of their spouse.

In response, the APA stated, "While this would lead to the most accurate match between the employees' federal income tax withholding and their actual tax liability...employees will not likely agree to share information about other jobs and nonwage income with their employers." This would be the final nail in the coffin for the proposed Form W-4.

What Happens Next

Following the feedback given by the payroll and tax communities, the IRS has rewritten their 2019 draft Form W-4. The form has not changed significantly from 2018, with only minor updates to the wage brackets related to the personal allowance, two earner/multiple jobs, and deductions, adjustments, and additional income worksheets.

And as for what the Form W-4 will look like in the near future, the IRS said, "We will continue to work closely with the [payroll and tax] communities as we continue to develop the Form W-4 for use in 2020." At **DM Payroll Services**, we're at-the-ready with the latest news and information your business needs to succeed. Don't forget to check out our full list of services and call us today!

Sources: <https://www.americanpayroll.org/news-resources/apa-news/> and <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/>

Save Time & Money This Fall with DMPS Payroll & HR Services!

- ✓ Check Signing & Stuffing
- ✓ Data Transfers
- ✓ Direct Deposit / EFT
- ✓ Employee Earnings Records
- ✓ 401(k) Reporting
- ✓ FOC / Garnishments
- ✓ General Ledger
- ✓ HR - ACA Reporting
- ✓ HR - Applicant Tracking
- ✓ HR - On-Boarding
- ✓ HR - Personnel Records
- ✓ HR - Compliance Library
- ✓ HR - Legal Hotline
- ✓ Employee Self-Service
- ✓ Online Payroll Processing
- ✓ Paperless Payroll
- ✓ Payroll Control™
- ✓ Tax Filing
- ✓ Time & Attendance
- ✓ Unemployment Claims
- ✓ Vacation / Sick Accruals
- ✓ W-2 Electronic Filing
- ✓ Workers' Comp Reporting

Through Payroll News, Data Management Payroll Services may provide general information on legal developments related to payroll administration. If such developments appear relevant to your specific situation, you should discuss them with your professional advisor before taking any action.