

the **Informer** newsletter

MONTHLY NEWSLETTER | PARAGON CHRISTIAN ALLIANCE INT'L &
PCAI CLERGY ASSOCIATION | JANUARY 2020 – ISSUE 1

WATCH FOR TAX INFO ENCLOSED!

Blessed Beginnings

As we begin this year we thank God for all of you and your faithfulness during the past year. We want you to know that you are and will continue to be covered in prayer. We are always here to serve you and the ministry God has placed in your hands. We have asked God to increase your borders of ministry, to light your way with HIS favor, and that good health and provision will be your constant state.

We are always only a call or email away. You never have to handle anything alone because we are here for you. We count it a privilege to walk the walk of faith with you.

We love you all!

happy new year



from the PCAI Executive Board

IRS Releases Proposed Revision for Form W-4 for 2020

New form should make accurate withholding easier for church employees.

By Richard R. Hammar (excerpt from CLA magazine)

The Internal Revenue Service (IRS) has issued a draft of a new Form W-4, Employee's Withholding Allowance Certificate (IR-2019-98), that is designed to make accurate withholding easier for employees starting next year.

The revised form implements changes made following the 2017 Tax Cuts and Jobs Act, which made major revisions affecting taxpayer withholding. The redesigned Form W-4 no longer uses the concept of withholding allowances, which was previously tied to the amount of the personal exemption. Due to changes in the law, personal exemptions are currently not a central feature of the tax code.

The IRS and US Department of the Treasury collected extensive feedback over the past year while working closely with the payroll and tax community to develop a redesign that best serves taxpayers.

“The primary goals of the new design are to provide simplicity, accuracy and privacy for employees while minimizing burden for employers and payroll processors,” said IRS Commissioner Chuck Rettig in a prepared statement.

The IRS expects to release a near-final draft of the 2020 Form W-4 soon to give employers and payroll processors the tools they need to update systems before the final version of the form is released in November.

Note that *this draft Form W-4 is not for current use*. It is a draft of the form to be used starting in 2020. Employees who have submitted a Form W-4 in any year before 2020 will not be required to submit a new form merely because of the redesign. Employers can continue to compute withholding based on the information from the employee's most recently submitted Form W-4.

Tip. Churches should encourage their employees to do a “Paycheck Checkup” on the IRS website as soon as possible to see if they are withholding the right amount of tax from their paychecks, particularly if they had too much or too little tax withheld when they filed their most recent income tax returns. People with major life changes, such as a marriage or a new child, should also check their withholding.

IRS Q&A

The IRS has provided several questions and answers to assist employers and employees in understanding the new form. Here are five from the site that are the most relevant to churches:

Does this mean our software will need two systems—one for forms submitted before 2020 and another for forms submitted after 2019?

Not necessarily. The same set of withholding tables will be used for both sets of forms. You can apply these tables separately to systems for new and old forms. Or, rather than having two separate systems, you may prefer to use a single system based on the redesigned form. To do this, you could enter zero or leave blank

information for old forms for the data fields that capture the information on the redesigned form but was not provided to you under the old design. Additional guidance will be provided on the payroll calculations needed based on the data fields on the new and old forms.

How do I treat employees hired after 2019 who do not submit a Form W-4?

New employees who fail to submit a Form W-4 after 2019 will be treated as a single filer with no other adjustments. This means that a single filer's standard deduction with no other entries will be taken into account in determining withholding. The IRS and the Treasury Department anticipate issuing guidance consistent with this approach.

Are employees hired after 2019 required to use the redesigned form?

Yes. Beginning in 2020, all new employees must use the redesigned form. Similarly, any employees hired prior to 2020 who wish to adjust their withholding must use the redesigned form.

What about employees hired prior to 2020 who want to adjust withholding from their pay dated January 1, 2020, or later?

Employees must use the redesigned form.

May I ask all of my employees hired before 2020 to submit new Forms W-4 using the redesigned version of the form?

Yes. You may ask, but as part of the request you should explain that:

- they are not required to submit [a] new Form W-4, and
- if they do not submit a new Form W-4, withholding will continue [to be] based on a valid form previously submitted.

For those employees who furnished forms before 2020 and who do not furnish a new one after 2019, you must continue to withhold based on the forms previously submitted. You are not permitted to treat employees as failing to furnish Forms W-4 if they don't furnish a new Form W-4. Note that special rules apply to Forms W-4 claiming exemption from withholding.

For more answers to questions about taxes, see my annual *Church & Clergy Tax Guide*.

The INFORMER Newsletter is a free monthly publication of P.C.A.I. (Paragon Christian Alliance International) & PCAI Clergy Association

2149 Highway 139, Monroe, Louisiana 71203

1-866-268-5600 | FAX (318) 345-0350

Website: www.paragonchristianalliance.org
Copyright © 2020

OFFICE HOURS : 9:00AM to 4:00PM