

Donna Independent School District

Employee's Withholding Allowance Certificate (W-4) Guidelines

During the year, changes in an employee's marital status, exemptions, adjustments, deductions or credits may occur which will impact what they claim on their tax return. When these changes occur, employees should provide a new W-4 form so their withholding status and number of allowances can be changed. If the changes reduce the number of allowances an employee is allowed to claim or if their marital status changes from married to single, employees must submit a new Form W-4 to the Human Resource Department within 10 days of this change.

Generally, employees can submit a new W-4 whenever they wish to change their withholding allowances for any other reason.

Below are general guidelines for Preparing Form W-4.

I. The W-4 Form is required for all employees so that correct Federal Income Tax can be withheld from wages.

- Failure to complete and sign a W-4 Form will result in taxes being withheld at the single rate with no withholding allowances.
- Giving false information on the W-4, such as claiming exempt or under-withholding allowances can result:
 - In a fine of \$500 and criminal penalties for the employee.
 - Detainment in the United States for non-resident internationals.

II. An Employee needs to re-file for the following reasons:

A. A change in tax status.

Some examples of lifestyle changes which could impact your tax status are:

- Marriage
- Divorce
- Birth or adoption of a child

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- Loss of an exemption
- Purchase of a new home
- Retirement
- Filing chapter 11 bankruptcy

Income tax withholding is based on marital status and withholding allowances; therefore, both line 3 and line 5 must be completed to validate the form. If claiming no allowances, write the number "0" on line 5.

Please complete the Personal Allowances Worksheet in order to determine the number of withholding allowances you should claim.

- B. To renew exempt tax status (every year from January 15 to February 15). Employees can claim exemption from withholding only if both of the following situations apply:

- They had a right to a refund of all Federal Income Tax withheld in the previous tax year because they had no tax liability
- They expect a refund of all Federal Income Tax withheld for the current tax year because they expect to have no tax liability.

Please reference IRS Publication 505 Tax Withholding and Estimated Tax for more information on Tax Exemption.

- C. A name change. Upon submitting a W-4 for a name change, the employee must show their new social security card.
- D. A visa type change.
- E. A change in expiration date on the I-9 form.

III. Before submitting the W-4, the employee should check the following:

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A. The signature. Without the employee's signature, the W-4 is not valid and income taxes will be withheld at a single tax rate with zero allowances. If there is a previous W-4 on file, the previous W-4 will remain in effect until the new W-4 is signed or a new W-4 is submitted.

B. The exempt status.

If an employee claims exempt, complete only lines 1, 2, 3, 4 and 7, the section for federal tax allowances should be blank (lines 5 and 6). If there are any numbers written in the federal allowances and the employee claims exempt, the withholdings will override the claim of exempt.

C. A W-4 claiming exempt must be completed for the year in which the exemption is claimed; e.g., the 2013 version of the Form W-4 must be used to claim exempt in 2013.

D. The mailing address. W-2 forms (wage and tax statements needed to file tax returns) will be mailed to the address shown on the W-4.

- When an employee moves they should update their home address information with the Human Resources department.

E. The social security number.

- The correct social security number should be recorded clearly. If an incorrect number is used, or the number is not legible, tax may be withheld incorrectly.

F. The name on the Form W-4 must match the name on an individual's social security card.

G. The marital status.

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- Check to make sure that marital status is checked. If the marital status is not checked it will be defaulted as single and the number of allowances listed will be entered.

H. Any alterations to the form render the form invalid. A scratch out or white out (even if initialed) is not allowed so a new form must be completed if there are errors.