

Bookkeeping Tips

How to Implement a New W-4 —and Handle Complaints

Problem: Employees try to increase their take-home pay by handing in a new W-4 with more withholding allowances or by claiming exempt from withholding.

Solution: Tell employees that you are not required to post the new W-4 until the first payroll period ending on or after the 30th day from the date the new W-4 was submitted (see IRS *Circular E*). This is the most time that the law allows.

Example: Joe is paid on the 15th and 30th of each month and submits a new W-4 on June 10. The June 10 withholding changes must be used on his paycheck of July 15, the first payroll period following June 30.

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