

# TCJA update: 2019 W-4 and moving expenses

We hate to say, “We told you so,” but we told you so. Familiarity apparently breeds comfort, not contempt. The IRS has listened to a chorus of critics and has [backed down](#) on its incredibly complicated vision of a new W-4.

It has reverted to the W-4 we all know, and quite possibly now love, for tax year 2019.

*Warning:* The IRS conceded defeat because time ran out for 2019 withholding. It still wants to resurrect this new W-4 for the 2020 tax year. Although if it does, all the same criticisms and objections will be made. We’ll be keeping an eye on it.

The IRS also eased up on taxing employer reimbursements of employees’ work-related moving expenses.

## **One last chance for 2018 withholding, and a heads-up on 2019 withholding**

While the 2019 W-4 will look familiar, thanks to the Tax Cuts and Jobs Act, employees’ taxable income is now based on adjustments to income and credits, rather than adjustments to income and deductions.

*Upshot:* Employees may be seriously underwithheld next year, even if they aren’t underwithheld this year.

You can get the word out to employees about their withholding with an email or memo. Here’s some suggested language:

*The Tax Cuts and Job Act makes significant changes to the way your income taxes are figured. Instead of your taxes being based on your income and deductions, your taxes are now based on your income and the amount of tax credits you can claim. As a result, the Form W-4 that we have on file for you, may no longer reflect your tax liability.*

*Because of these changes, it’s a good idea to check that your 2018 and 2019 income tax withholding will match up with your projected tax liability. That way, you will avoid owing money to the IRS when you file your personal income tax returns.*

*All employees are encouraged to use the IRS’ [withholding calculator](#) or talk to a tax professional to determine the proper level of withholding. If necessary, you can refile your W-4 with us to adjust your withholding or pay quarterly estimated taxes. However, we cannot withhold your estimated tax payments; you must complete Form 1040-ES and pay the IRS directly.*

**Note:** The IRS’ withholding calculator isn’t perfect, as we’ve amply [demonstrated](#). So just be aware that employees may come to you with many questions.

## **Moving expense reimbursements**

Under the TCJA, your reimbursement of employees’ work-related qualified moving expenses is taxable, at least through 2025. However, the IRS announced that it’s now allowing tax-free reimbursements of employees’ moving expenses, if employees’ moved in 2017, they didn’t take a deduction on their 2017 1040s and your reimbursement was made this year.

If you've already withheld taxes on moving expense reimbursements, you should refund the taxes to employees and file Form 941-X to correct your treatment of this item for the quarter during which the reimbursements were reported as wages on Form 941.

*Act now:* Refunds of overwithheld FICA taxes can be made at any time, but refunds of overwithheld income taxes must be made by the end of the year.