

Meet the 2019 W-4, same as the old W-4

Once the IRS [backed off](#) making changes to the W4, it quickly (as least for the IRS) released a second draft of the 2019 form. It certainly looks familiar, doesn't it? And that's a good thing.

----- Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records. -----

<p>Form W-4 Department of the Treasury Internal Revenue Service</p>	<p>Employee's Withholding Allowance Certificate</p> <p>▶ Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>	<p>OMB No. 1545-0074</p> <p style="font-size: 2em;">2019</p>
<p>1 Your first name and middle initial</p>	<p>Last name</p>	<p>2 Your social security number</p>
<p>Home address (number and street or rural route)</p>		<p>3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married filing separately, check "Married, but withhold at higher Single rate."</p>
<p>City or town, state, and ZIP code</p>		<p>4 If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card. ▶ <input type="checkbox"/></p>
<p>5 Total number of allowances you're claiming (from the applicable worksheet on the following pages)</p>	<p>5</p>	
<p>6 Additional amount, if any, you want withheld from each paycheck</p>	<p>6 \$</p>	
<p>7 I claim exemption from withholding for 2019, and I certify that I meet both of the following conditions for exemption.</p> <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. <p>If you meet both conditions, write "Exempt" here ▶ 7</p>		
<p>Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.</p>		
<p>Employee's signature (This form is not valid unless you sign it.) ▶</p>		<p>Date ▶</p>
<p>8 Employer's name and address (Employer: Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New Hires.)</p>		<p>9 First date of employment</p>
		<p>10 Employer identification number (EIN)</p>

For Privacy Act and Paperwork Reduction Act Notice, see page 4. Cat. No. 10220Q **Form W-4** (2019)

Although this looks like the finished product, this is still a draft. Nevertheless, there are still some issues that are pending with it.

Withholding allowance amounts

The personal exemption amount has always doubled as the value of one withholding allowance amount for an annual pay period.

Problem: The Tax Cuts and Jobs Act suspended personal exemptions, at least through 2025.

So how is the IRS going to set withholding allowances if there is no personal exemption amount?

Solution: It's going to deem a personal exemption.

Can they do that? Yes, it can, and it already has.

The TCJA ushered in a new \$500 unrefundable tax credit for qualifying dependent relatives, including elderly parents and children for whom a child tax credit isn't allowed, whose gross income is less than the personal

exemption amount. But if the exemption amount is zero, an individual's gross income would have to be less than zero—a near impossibility.

In response to this TCJA glitch, the IRS says it will propose regulations that will deem a personal exemption amount of \$4,150, adjusted for inflation.

More generally, the IRS issued Notice 2018-84, in which it noted that even though the personal exemption amount is \$0, taxpayers are still allowed personal exemption deductions for purposes of other provisions of the tax code.

A back-of-the-envelope inflation adjustment yields a personal exemption amount of \$4,200 for 2019.

Payroll in 2019

The Social Security Administration has announced that the Social Security taxable wage base will increase to \$132,900, from \$128,400—a 3.5% increase. The maximum Social Security tax you and your employees will pay next year is \$8,239.80.

The IRS has yet to officially release the 401(k) pretax contribution amount, the overall 401(k) contribution amount, sometimes referred to as the Section 415 limitation and the monthly amount for qualified transportation fringe benefits. But these amounts are based on a formula, so we've done the math for you. Our estimates for these fringes are:

- 401(k) plans: \$19,000 maximum pretax contribution
- 415 limitation: the lesser of \$56,000 or 100% of compensation
- Transportation fringes: \$265 a month.