

Back from the dead: The 2020 first draft of Form W-4 (and other TCJA tidbits)

If you keep doing the same thing in the same way, why would you expect a different result? That's not a rhetorical question. The IRS says the first draft of the 2020 W-4 should be ready for prime time by the end of May.

This should give everybody pause, since the IRS also says it still wants to revamp the W-4 along the lines of its [disastrous first draft](#) of the 2019 form, which it was forced to withdraw because of resistance from employers and other stakeholders.

2020 draft W-4

After its tactical retreat on revising the W-4 last year, the IRS said it would give employers a lot more lead time this year to implement the changes a revamped form would require. *Beware:* This doesn't appear to be the case. Remember, last year's draft was released in early June and one of employers' major complaints was they didn't have enough time to digest the changes.

It would seem like releasing a similar draft on approximately the same timetable would just provoke the same complaints. But the IRS rarely backs down and the odds of it backing down twice are even more remote.

If the IRS sticks to its position and creates what amounts to an entirely new W-4, you won't have much time to implement the changes. The earlier you start, the better off you'll be.

Get a sneak peek at the draft form [here](#).

We'll also be following the saga of the draft form, so stay tuned.

2018 & 2019 withholding

And speaking of the 2018 withholding tables, which some senators alleged had been juiced to give employees more take-home pay last year, but would result in lower refunds or no refunds this year, the Taxpayer Advocate has concluded there was no funny business with last year's withholding tables.

Perhaps to avoid a repeat next 1040 filing season, the IRS is attempting to explain withholding in a new [two-page fact sheet](#). One of the most astounding results from a recent [H&R Block survey](#) was employees simply didn't listen to anyone last year about adjusting their withholding.

That means you need to be more aggressive in your employee outreach efforts this year. One way to do so: Download the new IRS fact sheet and stuff it into employees' pay envelopes.

More underpayment penalty relief?

The IRS is already providing [relief](#) from the income tax underpayment penalty to taxpayers who paid at least

85% of their 2018 income taxes through withholding, quarterly estimated taxes or a combination of the two. To avoid the underpayment penalty, you must normally prepay 90% of your tax liability.

Not enough, according to the AICPA, which wants the IRS to drop the percentage down to 80%, or better yet, bag the penalty entirely, like it did in 1986, the last time the tax laws underwent such an extensive revision, at least for taxpayers who have a history of compliant behavior.

Testifying before the House Ways and Means Committee on March 14, Treasury Secretary Steven Mnuchin said he wasn't averse to dropping the percentage down to 80%. Thus far, however, no additional relief from the IRS has been forthcoming.

Employee parking reminder

You have only until the end of March to remove your reserved employee parking. To the extent you ditch reserved employee parking, you won't be taxable on the value of employee parking. Exempt organizations won't be liable for the unrelated business income tax.

For a primer on this new tax liability, point your browser [here](#).