

IRS releases 2021 withholding worksheets, tables and the W-4



The IRS has released [Pub. 15-T](#) for 2021 and the 2021 [W-4](#). Pub. 15-T contains all the worksheets and withholding tables for 2021.

What's new with the 2021 W-4?

Not a lot. Neither the 2021 W-4 nor Pub. 15-T varies from their respective drafts, which you can see [here](#) and [here](#).

While there are no inflation adjustments to the withholding adjustments or the withholding allowance amounts if you're using Worksheet 5 and the accompanying percentage method tables, the values in the withholding tables have been adjusted for 2021. These are the value you now need to program into your payroll system.

For better or worse, the IRS is sticking with its [computational bridge](#) for employees who have pre-2020 W-4s on file with you.

Additional Resource: We've answered [12 frequently asked questions on the new W-4](#).

Most employees have old W-4s on file

Results of [research](#) conducted by the Harris Poll on behalf of the American Institute of CPAs reveal that only

about 25% of employees refiled their W-4s to reflect changes made by the Tax Cuts and Jobs Act. Worse, only 11% were able to correctly answer six basic questions about the W-4. Here are some more appalling results:

- Only 32% of employees surveyed understood they should refile their W-4s if they experience a life change.
- Only 48% knew both members of a working couple need to file their own W-4s.

Ignorance isn't bliss

Final regulations issued earlier this year add six circumstances requiring employees to refile their W-4s within 10 days. Employees must refile if they:

1. Can no longer claim head of household status.
2. Have more than one job (or both spouses work) but only one W-4 is completed on which the box in Step 2(c) is checked. Employees (or both spouses) must refile and check the box on both forms.
3. Complete Step 4(b), but reasonably expect their tax deductions to decrease by more than \$2,300 from the amount they have taken into account in completing Step 4(b).
4. Complete Step 3, but reasonably expect their tax credits to decrease by more than \$500 from the amount they have taken into account in completing Step 3.
5. Have multiple W-4s in effect on which they haven't checked the box in Step 2(c) and they expect an increase in regular wages to exceed \$10,000.
6. Employees must refile if the net total effect of changes will exceed their withholding.

Separately, employees whose withholding will cover their tax liability, but who experience a change in filing status (e.g., they claimed head of household in 2020 but will be single taxpayers in 2021) must give you 2021 W-4s.

Now is the time to reach out to employees and remind them to check their 2021 withholding.

The IRS has revised its [Pub. 5349](#), Year-Round Tax Planning for Everyone. It might be helpful to include the link to it, as well as the link to the 2021 W-4 in your outreach email to employees.