

New guidelines for electronic W-4s you probably missed

Without any fanfare at all, the IRS included new guidelines for electronic W-4s in the [2022 edition of Pub. 15-T](#). You'd be forgiven if you missed it since the IRS didn't bother mentioning it in the *What's New* section. Apparently, employers have been running into trouble trying to simplify the paper W-4 for their electronic systems. The IRS has [responded](#) with an emphatic "You can't do that!"

With that in mind, let's dive a bit deeper into the IRS' guidance on how to incorporate W-4s in your electronic system, and how to keep on the good side of the IRS.

The IRS states that electronic substitutes for Form W-4 aren't a license to simplify or modify the form. An electronic substitute must provide exactly the same information as the paper Form W-4, including the exact same wording from Steps 1c-4c, and must allow an employee access to and use of all parts of the calculation shown on the paper Form W-4 and its worksheets.

The W-4 continues to confound

The general guidelines for electronic W-4s have been around for a long time. [Pub. 15-A](#) restates them without changing them. The bombshell comes in Pub. 15-T:

Electronic systems set up as a substitute to paper Forms W-4 must exactly replicate the text and instructions from the face of the paper Form W-4 beginning with Step 1c through Step 4c (inclusive). No pop-ups or hoverboxes within those steps are permitted for displaying such required information, and if the electronic system has toggles for those steps that limit the amount of text that is viewable, the toggles must be off as the default. If the electronic system places steps on different pages, users must be required to go to each page before they may electronically sign the form. The electronic system must also include a hyperlink to Form W-4 on IRS.gov and/or include the pages 2-4 instructions and worksheets in their entirety in the electronic system interface itself (inclusion of only some of this information requires a link to the form).

Employers have questions; the IRS finally has some answers

The timeline

Employers asked how long they have to implement the new guidelines. The answer wasn't encouraging.

IRS: When a guideline concerning what an electronic W-4 system must provide employees is specified without an effective date, it's effective immediately and employers must implement it in a reasonable amount of time. In most cases, a reasonable amount of time is 90 days.

Appropriate references

Employers asked whether electronic W-4s must replicate references to pages 2 or 3 when these references aren't applicable. The IRS was a bit more reasonable.

IRS: References to pages 2 and 3 should be replaced by appropriate references. For example, an electronic substitute form linking directly to the deductions worksheet shouldn't reference page 3, but should provide a link to the deductions worksheet.

Entering personal information

Employers asked whether electronic substitutes must require employees to provide their Social Security numbers and other personal information if this information is already stored in employers' electronic W-4 systems. This was a complicated answer.

IRS: Employers need not require employees to resubmit their SSNs or other personal information when completing electronic W-4s, provided:

- The SSNs and other personal information are stored in employers' electronic systems and the action being taken by employees in the system is directly or indirectly linked to the electronically stored personal information.
- The source of the SSNs and other personal information stored in employers' electronic systems is a prior completed W-4 or I-9, which employees signed under penalties of perjury.

Step 3 restrictions

And employers asked whether an electronic W-4 system can restrict Step 3 to dollar increments based on the number of qualifying children or dependents employees may claim. This was a simple answer.

IRS: No.

Cut to the chase

You don't need to get heartburn setting up an electronic W-4 system. You can use the IRS' PDF version and allow employees to use Adobe's signature feature to attach their signature.

Easy peasy lemon squeezy.