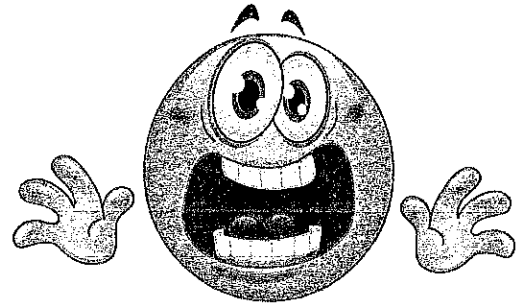


Avoid a Tax Surprise

Act NOW!



New tax laws have changed the amount of income taxes withheld from your paycheck.

**If you don't withhold enough tax,
you may have an unexpected tax bill in 2019**

Review your federal Form W-4, *Employee's Withholding Allowance Certificate*, **now** to see if you have the right amount of federal and state income taxes withheld from your paycheck.

Steps to Take:

1. Use the withholding calculator at **IRS.gov** to estimate your federal withholding.
2. Use the *2018 W-4 Worksheet for Idaho* at **tax.idaho.gov/w4** to estimate your Idaho withholding.
3. Make any needed changes to Form W-4 and give it to your employer.

For more information, visit **tax.idaho.gov/w4**

IDAHO State Tax Commission



Major Changes to Idaho Withholding

New tax laws have affected Idaho income tax withholding for 2018. The changes include:

Updated withholding tables

- We've updated the withholding tables, and they've changed significantly. Please start using them NOW if you haven't done so already. (We first updated them on April 27, and then updated the single tables for the Wage Bracket Method on May 31.)
- You can find the tables online in the June 20 version of *A Guide to Idaho Income Tax Withholding*. Go to tax.idaho.gov and scroll down to the "Quick Picks" section.

New Idaho allowance for Form W-4

- Idaho now uses a separate allowance count to calculate state withholding on the federal W-4. The allowance is based on the number of children who qualify for the new Idaho Child Tax Credit and on filing status.
- Employees will need to add an Idaho number after the federal number on line 5 of the W-4. They will also need to add an Idaho amount after the federal amount on line 6 of the W-4. See pages 19-22 of the withholding guide for details.

Employees should review their W-4s

- We encourage all employees to review their W-4s to see if they have the right amount of federal and state income tax withheld from their paychecks. If they don't withhold enough tax, they may have an unexpected tax bill when they file in 2019.
- Employees can use the enclosed *2018 W-4 Worksheet for Idaho* to estimate their Idaho withholding. We've also enclosed a flyer for you to post to remind employees to review their W-4s.

For more information on the withholding changes, visit tax.idaho.gov/w4.

2018 W-4 Worksheet for Idaho

The federal form W-4, *Employee's Withholding Allowance Certificate*, contains instructions to calculate your federal (IRS) withholding allowances. Use this worksheet to calculate the number of Idaho allowances and estimate any additional withholding you should claim on your W-4 for Idaho.

On the W-4, which box in section 3 do I check?

IF YOU'RE	CHECK THIS BOX IN SECTION 3 ON THE W-4
...single with one job	Single
...single with multiple jobs	Single
...married, filing jointly with one job	Married
...married, filing jointly and both people work (or you have multiple jobs)	Married, but withhold at higher Single rate
...married, filing separately	Married, but withhold at higher Single rate
...filing as head of household	Single
...a qualifying widow(er)	Married

Important: If you're married and both you and your spouse work or have multiple jobs, use the filing status of "Married, but withhold at higher Single rate" and *don't* complete Part C. This ensures that your employers deduct the most accurate amount of withholding from your paycheck.

Which parts of this worksheet do I complete?

<i>If you have children who qualify for the Idaho Child Tax Credit or you're filing as head of household*</i>	Complete Part A
<i>If you plan to itemize deductions*</i>	Complete Part B
<i>If you're single or married filing separately with more than one job*</i>	Complete Part C
<i>If none of the above situations apply</i>	Enter "0" as your Idaho number on the federal form W-4, line 5. Don't complete Part A, B, or C.

*Claim your allowances on the W-4 you fill out for your highest paying job for the most accurate withholding.

Actions to take to adjust your withholding allowance:

1. Get a form W-4 from your employer's HR department or from the IRS website (irs.gov).
2. Complete the form according to the instructions to determine your federal withholding.
3. Draw a slash (/) after the federal number you entered on line 5 of the W-4. Write in the *Idaho* number for line 5.
4. Draw a slash (/) after the federal amount you entered on line 6 of the W-4. Write in the additional *Idaho* amount for line 6.

See sample form W-4 on page 4.

PART A: IDAHO ALLOWANCE	
1.	<p>Enter the number of children in your household age 16 or under as of December 31, 2018.</p> <p>If you're married, claim your allowances on the highest paying job for the most accurate withholding.</p> <p><i>Example:</i> Bill and Terri are married. They have two children, a six-year-old and a 12-year-old. Since Bill's job pays more than Terri's job, <i>Bill</i> will claim the allowances for both children on the W-4 he gives to his employer. If Bill and Terri <i>both</i> claim the children, they could owe additional tax when they file next year's tax returns.</p>
2.	<p>Enter "2" if your filing status will be head of household on your tax return. Otherwise, enter "0."</p>
3.	<p>Enter the total of lines 1 and 2.</p> <p><i>If you aren't completing Parts B or C, enter this number as your Idaho number on the federal form W-4, line 5.</i></p>

Note: Since Idaho's allowance number is based on the new Idaho Child Tax Credit, you don't need to claim Idaho allowances for you or your spouse.

PART B: ITEMIZED DEDUCTION	
<p>To avoid having too much withheld, complete lines 4-9 <i>if you plan to itemize deductions</i>. If you're married and both work or either of you have multiple jobs, complete this worksheet for the highest-paying job.</p> <p>Otherwise, skip Part B and continue to Part C.</p>	
4.	<p>Enter the estimated amount of your 2018 itemized deductions.</p> <p>Itemized deductions are: qualifying mortgage interest, charitable contributions, real estate taxes, medical expenses greater than 7.5% of your income. (See IRS Pub. 505.) Don't include local income taxes or general sales taxes.</p>
5.	<p>Enter your standard deduction amount for 2018:</p> <ul style="list-style-type: none"> • \$24,000 if married filing jointly or qualifying widow(er) • \$18,000 if head of household • \$12,000 if single or married filing separately
6.	<p>Subtract line 5 from line 4. If less than zero, enter "0".</p>
7.	<p>Divide line 6 by \$2,960. Enter only whole numbers (rounding down).</p>
8.	<p>Enter the number from line 3.</p> <p>If you didn't complete Part A, enter "0."</p>
9.	<p>Add lines 7 and 8.</p> <p>Enter the total here and as the Idaho number on the federal form W-4, line 5.</p>

PART C: MULTIPLE JOBS

Complete lines 10-20 if you're *single or married filing separately* and have more than one job at a time. Otherwise, skip Part C.

10.	If you completed Part B, enter the number from line 9. Otherwise, enter "0."	
11.	Multiply the number on line 10 by \$2,960.	
12.	Other than your primary job, how many jobs do you expect to have <i>at the same time</i> during 2018? (Don't count your primary job.)	
13.	Single standard deduction amount for 2018	\$12,000
14.	Multiply line 13 by line 12.	
15.	Enter an estimate of your 2018 income from other jobs (not including your primary job).	
16.	Enter the smaller of line 14 or line 15.	
17.	Subtract line 11 from line 16. Enter the result.	
18.	Multiply the amount on line 17 by 6.925% (.06925) and enter the result here. This is the additional amount you need to withhold (annually).	
19.	Enter the remaining number of your pay periods in 2018.	
20.	Divide the amount on line 18 by the number on line 19. This is the additional amount you need to withhold from each paycheck. Enter the amount here and as the Idaho number on the federal form W-4, line 6.	

Note: Claim the additional withholding amount on the highest-paying job for the most accurate withholding.

Important reminders

- A *higher* allowance number means that your employer is deducting less money from your paycheck.
- A *lower* allowance number means your employer is deducting more money from your paycheck.

federal on left, Idaho on right

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

Form W-4
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

OMB No. 1545-0074

2018

▶ 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.

1 Your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)		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."
City or town, state, and ZIP code		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"/>
5 Total number of allowances you're claiming (from the applicable worksheet on the following pages)	5	6 / 4
6 Additional amount, if any, you want withheld from each paycheck	6	\$ 0 / 25
7 I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption.		
<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. 		
If you meet both conditions, write "Exempt" ▶		7
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.		
Employee's signature (This form is not valid unless you sign it.) ▶		Date ▶
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.)		9 First date of employment
		10 Employer identification number (EIN)

SAMPLE

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Cat. No. 10220Q

Form **W-4** (2018)