

Changes to Section E(I) (Tax Withholding) of the Employee Action Request Form

Section E(I) – Federal Withholding of the Employee Action Request (EAR) form was recently updated to mirror the 2020 Internal Revenue Service W-4 form. Due to tax code changes, the IRS eliminated the option to select a number of allowances. The IRS replaced allowances with a different methodology that withholds taxes based on the standard deduction. As a result, this section of the form will seem quite different from what you are used to completing in the past.

It may be helpful to review the instructions on the Federal [W-4 Form](#) when completing this portion of the Employee Action Request. We have listed below the corresponding sections for the W-4 form, where applicable. The IRS has also released [FAQs on the Form W-4](#) for your review. As everyone's tax situation is unique, we strongly recommend that you discuss your withholding options with a tax professional prior to making your selections. Our office is unable to provide tax advice. Please note that you may change your tax withholding at any time by submitting a revised EAR form. We will process the new withholding as soon as administratively possible. The California State Controller's office has a [paycheck calculator](#) that you may use to estimate your tax withholdings based on your salary, deductions, and Federal withholding selections.

Required Fields:

The following fields on the new EAR form are required when making a withholding change:

Section E(I) – Box 02 (Marital Status for Tax Purposes Only): Please select Single, Married or Head of Household. This corresponds to Step 1(c) on the form W-4.

Section E(I) – Box 04 (Higher Withholding): Select either "Yes" or "No" from the dropdown menu. Choosing "Yes" will result in a higher amount of tax withholding. This may be necessary if your spouse also works or if you hold multiple jobs or sources of income. The correct amount of withholding should consider all income earned by both you and your spouse. Please see Step 2 of the W-4 form for more information.

Section E(II) – Boxes 8, 9 and 10 (State Tax Withholding):

Please note that the State of California has not changed their current process for their tax withholding to match the new Federal system. California still uses the marital status + allowances methodology in Section E(II). Due to the changes in the Federal tax methodology, we are unable to apply what you elected for your Federal withholding to the State withholding. You must make separate elections for the State taxes. Please see the State [DE-4 form](#) if you need assistance determining the appropriate number of allowances for your situation.

Optional Fields:

These are optional tax withholding fields on the new EAR form that you may wish to complete:

Section E(I) – Box 01 (Non-Resident Alien): If you are a non-resident alien per IRS notice 2005-76, you should check this box.

Section E(I) – Box 03 (Exempt from Federal Withholding): If you are eligible to claim exemption from Federal withholding, and you do not wish to have Federal taxes withheld, you should type "EXEMPT" in this box. This will result in no Federal tax withholding from your pay. If you select this option, and you

are not eligible to claim exemption from Federal withholding, you will have a resulting tax liability when filing your taxes.

Section E(I) – Box 05 (Claim Dependents): If you wish, you may complete Step 3 on the W-4 form and the corresponding instructions on page two of the W-4 form to determine the estimated amount of your child tax credit and credit for other dependents. Enter a whole dollar amount into this box.

Section E(I) – Box 06 (Other Income Not from Jobs): This section corresponds to Step 4, box (a) on the W-4 form. Page two of the W-4 form also contains instructions regarding box 4(a). If you have income from other sources, such as interest, dividends, and retirement income, you can have additional taxes withheld from your paycheck by completing this box. Enter the annual amount of the other income in this box.

Section E(I) – Box 07 (Deductions): The tax code changes make it likely that most people will use the standard deduction when filing their Federal taxes. However, this is not the case for all tax filers. If you expect to claim deductions other than the standard deduction, and want to reduce your withholding, you may complete the Step 4(b) - Deductions Worksheet on page three of the W-4 form. Enter the resulting dollar amount in this box.

Section E(III) – Boxes 11 and 12 (Additional Deductions):

If you wish to increase your withholding, you may do so by completing Section E (III) Additional Deductions. List the per pay period additional dollar amount you would like withheld for your Federal (Box 11) and/or State (Box 12) taxes in the corresponding boxes.

Section E(IV) – Box 13 (Exemption from Withholding):

If you are eligible to claim exemption from both Federal and State withholding, please write “EXEMPT” in this box, and no Federal or State taxes will be withheld from your pay. Please note that this certification expires each year and you must submit a new EAR form stating “EXEMPT” by January 31st of each year for it to continue.