IRS Provides Excel Spreadsheet For Employers Who Manually Calculate Payroll

The Form W-4 for 2020 has been redesigned which may be confusing for some employees, as well as some employers. One part of the confusion is that employees are only required to complete the 2020 Form W-4 if they want changes from the W-4 they have already completed for 2019. That means employers will have some employees using the 2020 W-4 and some will be using their old 2019 W-4. Since the withholding calculations for these Forms W-4 are totally different, it can be confusing for employers.

It is highly likely that payroll software will take care of calculating the proper withholding for each of the Forms W-4. But there are some employers who calculate withholding manually. IRS Publication 15-T can be used to calculate the withholding for employees that have either the 2019 or the 2020 Form W-4.

IRS has now created downloadable Excel spreadsheet to help employers who calculate the Federal withholding taxes manually. This assistant is a downloadable Excel spreadsheet that will calculate the amount of tax to withhold. The employer will click a box to show the frequency of payroll (weekly, bi-weekly, etc.) and the information on the employee's Form W-4 (either 2019 or 2020).

The employer can save a separate customized copy of the file for each employee containing that employee's Form W-4 information and open it each payroll period.

This Excel spreadsheet can be downloaded from IRS' website (irs.gov). One way to find the spreadsheet is to type "Withholding Assistant" in the SEARCH box.

This text has been shared courtesy of David & Mary Mellem, EAs & Ashwaubenon Tax Professionals.

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