



Federal Withholding FAQs

Employee Resource

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Where can I find the new EAR/SPAR form?

The updated versions of the forms [STD 686 EAR](#) and [STD 457 SPAR](#) are located on the DGS website. You may also locate the forms on the State Controller's Office website at https://www.sco.ca.gov/ppsd_2020fedwithholdings.html

Why redesign the EAR/SPAR Form?

According to the IRS, the new design simplifies the form while increasing the transparency and accuracy of the withholding system. While it retains the same underlying information as the previous design, it replaces complicated worksheets with simpler questions that make proper withholding easier for employees. For more information, see #2 [FAQs on the 2020 Form W-4](#).

What are the new items added to the EAR/SPAR form?

Section EI – Federal Withholding

- E02 – Marital Status - HEAD OF HOUSEHOLD (New)
- E03 – EXEMPT FROM FEDERAL WITHHOLDING
- E04 - HIGHER WITHHOLDING (TWO JOB INDICATOR-STEP 2(C) ON THE IRS 2020 FORM W-4)
- E05 - CLAIM DEPENDENTS
- E06 - OTHER INCOME (NOT FROM JOBS)
- E07 - DEDUCTIONS

What amount do I need to enter for these new items?

Please see the instructions on the 2020 W-4 at <https://www.irs.gov/pub/irs-pdf/fw4.pdf>. The dollar amount to be entered in these new items should be an annual (full year) dollar amount (i.e. \$2,000 multiplied by the number of dependents and \$500 multiplied by the number of other dependents). Employees are encouraged to use the Tax Withholding Estimator the Internal Revenue Service (IRS) provides at www.irs.gov/W4app.

If my tax situation is simple, do I need to complete these new items?

Marital Status (E02) and Higher Withholding (E04) are mandatory fields. All other fields (E03, E05-E07) are optional and completed, if applicable. Completing these new items, your withholding will be more accurate to reflect your tax liability. For more information, see # 5, [FAQs on the 2020 Form W-4](#).

Is there a computer program I can use to help me complete the EAR/SPAR form?

Yes. To provide maximum accuracy, you are encouraged to use the Tax Withholding Estimator available at www.irs.gov/W4app.

For questions about the new form W-4, go to the IRS website at <https://www.irs.gov/newsroom/faqson-the-2020-form-w-4>. For more information on CA state withholding form, refer to EDD Form DE4, Employee's Withholding Allowance Certificate at https://edd.ca.gov/pdf/pub_ctr/de4.pdf. For help in completing/reviewing the new EAR/SPAR form consult your tax advisor.

What happened to the federal withholding allowances?

On the revised EAR/SPAR, allowances are no longer used for federal withholding. According to IRS, this change will improve the form's transparency, simplicity, and accuracy. The value of a withholding allowance was previously linked to the amount of the personal exemption. Due to the changes in law for federal withholding, you can no longer claim personal or dependency exemptions. Please see question #3, [FAQs on the 2020 Form W-4](#) for more details.

Can I claim exemptions/allowances for federal on or after 12/01/2020?

No. Effective 12/01/2020 employees cannot claim personal and additional exemptions/allowances for Federal withholding. See IRS [Publication 15-T](#), and [FAQs on the 2020 Form W-4](#).

Can I claim zero (0) allowances on this new EAR/SPAR form?

On the new 2020 EAR/SPAR form, the nearest equivalent of claiming zero allowances for federal is completing the Marital Status (E02) and indicating Y in Higher Withholding (E04). For state, fill out the Marital Status box and indicate "0" on regular allowances. This will determine federal and state withholding based on filing status, the tax rates, and no other adjustments.

New EAR form has a 'Head of Household' filing status option for Federal withholding; is this new?

Yes. The filing status 'Head of Household' is new for Federal withholding and can be used effective 12/01/2020. For further information, please refer to IRS, Publication 15-T. <https://www.irs.gov/pub/irspdf/p15t.pdf>.

What value(s) are allowed for HW (Higher Withholding)?

The value for HW must be N or Y. N (NO) means no to higher withholding. Y (YES) means yes to higher withholding. Refer to IRS website for withholding rates <https://www.irs.gov/pub/irs-pdf/p15t.pdf>

Can the HW (Higher Withholding) field be left blank?

Higher Withholding (HW) is a required field. The HW field must be completed with N or Y.

Can I claim exemptions/allowance for State withholding?

Yes. Employees can continue to claim exemptions/allowances for State withholding. See EDD [Form DE4](#) and [CA Withholding Schedules Method B](#).

Do other states conform to the federal termination of withholding allowances?

The withholding allowances are still in effect in California, New York, and Illinois.

What should departments do if an employee turns in the old version of the EAR form (STD 686) after 12/01/2020?

After 12/01/2020, departments are forbidden from accepting older versions of the EAR form. The department should either provide the new EAR form (STD 686) or direct the employee to the DGS website for the most recent version of the form. <https://www.dgs.ca.gov/PD/Forms>.

Are all employees required to submit a new EAR (STD 686)/SPAR (STD 457) form effective 12/01/2020?

Employees who submitted EAR forms prior to December 1, 2020, are not required to provide a new EAR/SPAR form merely because of the redesigned EAR/SPAR has been redesigned. The State Controller's Office will continue to calculate withholding based on the most current EAR/SPAR form. New employees and employees who want to change their withholding must complete a new EAR/SPAR form.

Beginning December 1, 2020, new employees who do not provide a properly completed EAR/SPAR form will be treated for federal as single filer and withhold using the Standard Deduction for Single Filing Status with no other adjustments. For state withholding, employees who failed to provide a new EAR/SPAR form will be treated as Single with zero (0) allowances. For more information, refer to IRS [Publication 15-T](#) and EDD Form [DE4](#).

How do you determine my withheld amount?

For federal, the new EAR/SPAR form will be used to determine how much income tax to withhold based on marital status, higher withholding (HW) indicator, and any other adjustments included on the form. For the computation of federal withholding refer to [Payroll Procedures Manual \(PPM\) Section H 108](#).

For state, the amount of tax withheld is determined by the following:

- Marital status.
- The number of allowances claimed on EAR/SPAR form.

For state withholding computation, refer to [PPM Section H 110](#).

What tools are available for employees to use when completing the new EAR form (STD 686)?

To get the most accurate withholding, employees can use the IRS's Tax Withholding Estimator. <https://www.irs.gov/individuals/tax-withholding-estimator>. Employees can also use the paycheck calculator on the SCO's website https://www.sco.ca.gov/ppsd_se_paycheck_calc.html.

Can I claim Federal Additional Deduction if claiming exemption from Federal only?

Yes. Employees whom claim exempt from federal withholding can claim Federal Additional Deduction (E11). This amount should be keyed in "FEDERAL ADDL DEDUCTION" field in EH.

How does the HW (Higher Withholding) box work?

If the higher withholding (HW) indicator is yes (Y), the tax tables divide the standard deduction and tax brackets equally between two jobs, resulting in tax rates apply at nearly half of the regular income threshold. Refer to IRS [Publication 15-T](#) for more information.

I am a Nonresident Alien, how do I complete the new EAR?

If you are not subject to a treaty, the new EAR should be completed as follows:

Section E -

Section I - Federal Withholding

E01 – Nonresident Alien – **X**

E02 – Marital Status – **Single**

- Single must be marked regardless of actual marital status

E03 – Exempt from Federal Withholding – **Cannot claim even if all conditions are met**

E04 – Higher Withholding – **Required**

- **Y** – if you have more than one job – use the worksheet or select higher withholding
- **N** – only one job

E05 – Claim Dependents - **Optional**

- Only certain Nonresident Aliens should claim dependents
- NRA from Canada, Mexico, South Korea, or India may claim the child tax credit or credit for other dependents.

E06 – Other Income – **Optional**

E07 – Deductions – **Optional**

Section II – State Allowances

E08 – Marital Status – **Single**

E09 – Regular Allowance – **1**

E10 – Additional Allowances – **Optional**

Per IRS Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens

<https://www.irs.gov/pub/irs-pdf/n1392.pdf>

How should the EAR be completed if I am subject to a tax treaty?

If you are subject to a treaty, the new EAR should be completed as follows:

Section E -

Section I - Federal Withholding

E01 – Nonresident Alien – **X**

Section V – Nontaxable Wages

E14 – **X the box**

Select from the dropdown - **Nonresident Alien Wages**

Please refer to the back of the EAR form:

IF YOU WILL RECEIVE NONTAXABLE WAGES, please indicate the reason on your withholding claim in the space provided. The reason must be one of the following:

b. “Nonresident Alien per Tax Treaty” (indicate on claim: “Exempt per Article _____ of treaty between United States and (Country).”) Tax Treaty must cite exemption from both Federal and State personal income tax to qualify for this exemption.

Whom shall I notify when I have an address change?

Please complete Sections B, C, F, and I of the Employee Action Request, STD. 686, and submit to your Personnel/Human Resources Office. Do **not** send address changes to the State Controller's Office.

Cal Employee Connect

If you had a recent change of address, be sure to change your address by using the [CEC Address Change](#) feature or contact your personnel/payroll office to process the update.

- a. Civil Service Employees can log into their [Cal Employee Connect](#) account to make changes within the portal.
- b. Agencies/Campuses that do not have access to make the changes in [Cal Employee Connect](#), the employee must submit an [Employee Action Request Form, STD. 686](#) to their personnel/payroll office with their new address.

Where can I find information/references regarding new IRS changes?

- SCO Personnel Letter #20-028 can be referenced for additional information (https://www.sco.ca.gov/Files-PPSD-Letters/Pers/2020_e20-028.pdf)
- SCO Payroll Letter #20-028 can be referenced for additional information (https://www.sco.ca.gov/Files-PPSD-Letters/Payr/2020_p20-028.pdf)
- IRS Publication 15-T (<https://www.irs.gov/pub/irs-pdf/p15t.pdf>)
- EDD Form DE4 (https://edd.ca.gov/pdf_pub_ctr/de4.pdf)
- 2020 Form W-4 (<https://www.irs.gov/pub/irs-pdf/fw4.pdf>)
- EDD Employee Withholding Allowance (https://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm#de4)
- EDD California Withholding Schedule Method B ([2022 Contribution Rates, Withholding Schedules](#))