

## W-4 Entry - Form Validation and Exceptions

**Purpose:** To give guidance to campus HR offices to determine if a Form W-4 is valid, and about the proper procedures for exceptions (exempt status, state withholding, foreign nationals).

**Target Audience:** Campus HR Offices

Employees must complete a Form W-4 to indicate how they want their federal income taxes withheld (i.e., taxable status, withholding allowances, and/or additional withholding). Lines 1, 2, 3, 5 and the employee's signature are required, while lines 4, 6, and 7 are optional depending on the employee's circumstances.

### Form W-4 is considered invalid/incomplete and cannot be accepted for entry if:

- Lines 1, 2, 3, or 5 are incomplete or the employee does not sign the form.
  - **Note:** A Form W-4 is incomplete if the number of withholding allowances in box 5 is left blank.
- Any unauthorized change or addition is made to Form W-4, including:
  - Any additional writing on the form part (the portion below the dotted line) by the employee or anyone else. If Payroll or Personnel needs to write information such as when the data was keyed into Banner, the information should be written in the instructions section above the dotted line and not on the actual form.
  - The removal or editing of the original text/language on the document.
    - **Note:** Allowable exceptions are noted later in the section *W-4 Exceptions & Additional Information*.
- The employee indicates in any way that the information on the form is false. For example, the employee has filled out the form as "exempt." However, the employee indicates to you when submitting the form that they are really not exempt, but want to get the maximum amount of pay that they can.
- If the employee writes "exempt" on line 7, and also entered a number on line 5 or an amount on line 6. If the employee claims "exempt" status, we consider the form valid and treat the employee as exempt.
  - **Note:** If an employee is claiming "exempt" status, he or she is required by the IRS to submit a new W-4 every calendar year by February 15 to maintain their "exempt" status. If a new Form W-4 is not submitted by February 15, the HR office must revert the employee's entry to the default withholding of Single with 0 (zero) withholding allowances.
  - **Note:** The February 15 deadline may vary if the date falls on a weekend or holiday; refer to the date at the top of the Form W-4 under *Exemption from Withholding* or *IRS Publication 15* for the applicable year.

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- The current year Form W-4 must be used in order to be valid.
  - **Note:** If the new year's Form W-4 has not been released by the IRS, the employee can use the prior year Form W-4, cross out the prior year on the form, and write in the new year. Without this change, the form is invalid. Once the IRS releases the new year's Form W-4, the prior year's form can no longer be accepted.

### What to do if you get an invalid/incomplete W-4:

1. Notify the employee that the Form W-4 is invalid, and ask the employee to submit a new form.
2. Until you receive a valid Form W-4, withhold taxes as if the employee is Single and claiming 0 (zero) withholding allowances. However if you have an earlier Form W-4 for the employee that is valid, you may enter the withholding from the earlier form.
3. If the employee has any questions regarding this process, refer them to IRS Publication 15 for the current calendar year at [www.irs.gov](http://www.irs.gov).

### Penalties

An employee who submits a false Form W-4 may be subject to a \$500 penalty.

### W-4 Exceptions & Additional Information

#### Employee claims "Exempt" status

Employees who claim a withholding exemption on their Form W-4 must complete a new form every calendar year in order to maintain the exempt status. The status in PDAEDN must be set to "**Waived**" for the proper calculation of the federal applicable gross for W-2 reporting purposes.

#### Form W-4 for State Withholding Allowances

Some states will accept the federal Form W-4 as a substitute for the state withholding certificate. For more information on which states allow the use of the federal form and any allowable markings, refer to the *State Tax Withholding Certificate List* at [http://www.alaska.edu/files/hr/state\\_tax\\_withholding\\_certificate\\_list.pdf](http://www.alaska.edu/files/hr/state_tax_withholding_certificate_list.pdf).

#### Form W-4 for Employees who are Foreign Nationals

A Form W-4 for foreign national employees is generated upon the completion of the employee's GLACIER profile. If it is determined that the employee is a resident alien for tax purposes, the employee may complete a Form W-4 as if they are a U.S. citizen.

If the employee is a nonresident alien for tax purposes, GLACIER will generate a Form W-4 indicating Single with one (1) withholding allowance. The words "nonresident alien" will be printed on the dotted line of line 6. Any additional information or markings, other than the employee's signature, will invalidate the form.

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For more information on Form W-4 completion for foreign nationals (nonresident aliens [NRA]), refer to the *NRA Federal Withholding Deduction Setup* procedure at [http://www.alaska.edu/files/hr/personnel.changes.nra\\_federal\\_withholding.pdf](http://www.alaska.edu/files/hr/personnel.changes.nra_federal_withholding.pdf)