

## **INSTRUCTIONS FOR COMPLETING W-4 FORM EMPLOYEE WITHHOLDING ALLOWANCE CERTIFICATE**

All S & J Healthcare Staffing employees must complete a W-4 form to declare the number of exemptions that are appropriate for payroll tax withholdings. If SJHS does not receive a W-4 form from you, we must withhold taxes at the highest rate and will indicate your exemptions as “single and no dependants or allowances.”

### **Claiming 10 or More Exemptions:**

Under normal circumstances, W-4 forms are kept in your personnel file and are used only to calculate your state and federal income withholdings. However, if you claim more than 10 withholding allowances, the law requires we file the W-4 form with the Internal Revenue Service (IRS). After this is filed with the IRS, you may be asked to provide additional information concerning your claimed allowances, and if the IRS determines you cannot take all of the allowances that you have claimed, you will be asked to complete a new W-4 form.

### **Exemption from Withholding:**

In rare instances, employees may be exempt from federal income taxes. You may claim an exemption only if both of the following circumstances apply to you:

- ❖ For the previous tax year, you received a refund of all federal income taxes withheld from your paycheck because you had no tax liability; and
- ❖ For the current tax year, you expect a refund of all federal income taxes because you have no tax liability.

In order to claim exemption from income taxes on your W-4 form, you must not have paid any income taxes for the previous year and expect not to be liable for any income taxes this year. If you have received a refund of some of the taxes you withheld last year, this does not qualify you for exemption unless you paid zero taxes. As with employees who claim 10 or more exemptions, all W-4 forms that claim exemption from income taxes must be filed with the IRS, and you may be required to provide a written statement in support of your exemption. In the rare case both circumstances apply, you may be required to produce your former year's tax returns. This validates that both circumstances apply to you and will allow you to claim exemption from income taxes on your W-4.

### **For Your Information:**

It is a federal offense, punishable by a \$500 or higher fine and/or imprisonment for any employee to improperly file for tax exemption status on a W-4 form. This includes employees who fraudulently or knowingly file exempt without being eligible. It is very rare that an employee is eligible to file exempt on his or her W-4 form. See the attached instructions for the requirements for filing exempt. SJHS takes filing status seriously and must report all exempt W-4 forms to the IRS as required by law. SJHS does not tolerate dishonesty and will fully cooperate with the IRS to expose fraudulent and improper W-4 forms that are intentionally filed. Do not file exempt unless you are eligible by law. The consequences are substantial and may cost you money, imprisonment and your job.

# Form W-4 (2006)

**Purpose.** Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

**Exemption from withholding.** If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2006 expires February 16, 2007. See Pub. 505, Tax Withholding and Estimated Tax.

**Note.** You cannot claim exemption from withholding if (a) your income exceeds \$850 and includes more than \$300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on their tax return.

**Basic instructions.** If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-

earner/two-job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.

**Head of household.** Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line **E** below.

**Tax credits.** You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

**Nonwage income.** If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.

**Two earners/two jobs.** If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others.

**Nonresident alien.** If you are a nonresident alien, see the Instructions for Form 8233 before completing this Form W-4.

**Check your withholding.** After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2006. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

**Recent name change?** If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 to initiate a name change and obtain a social security card showing your correct name.

## Personal Allowances Worksheet (Keep for your records.)

**A** Enter "1" for **yourself** if no one else can claim you as a dependent . . . . . **A** \_\_\_\_\_

**B** Enter "1" if: } 

- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less.
 . . . . . **B** \_\_\_\_\_

**C** Enter "1" for your **spouse**. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . **C** \_\_\_\_\_

**D** Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** \_\_\_\_\_

**E** Enter "1" if you will file as **head of household** on your tax return (see conditions under **Head of household** above) . . . . . **E** \_\_\_\_\_

**F** Enter "1" if you have at least \$1,500 of **child or dependent care expenses** for which you plan to claim a credit . . . . . **F** \_\_\_\_\_

(**Note.** Do **not** include child support payments. See **Pub. 503**, Child and Dependent Care Expenses, for details.)

**G Child Tax Credit** (including additional child tax credit):

- If your total income will be less than \$55,000 (\$82,000 if married), enter "2" for each eligible child.
- If your total income will be between \$55,000 and \$84,000 (\$82,000 and \$119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have four or more eligible children.

**H** Add lines A through G and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ▶ **H** \_\_\_\_\_

For accuracy, **complete all worksheets that apply.** } 

- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have **more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed \$35,000 (\$25,000 if married) see the **Two-Earner/Two-Job Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form <b>W-4</b>	<b>Employee's Withholding Allowance Certificate</b>	OMB No. 1545-0074 <b>2006</b>
▶ Whether you are 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 Type or print 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. <small>Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</small>
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 1-800-772-1213 for a new card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5 _____	
6 Additional amount, if any, you want withheld from each paycheck	6 \$ _____	
7 I claim exemption from withholding for 2006, and I certify that I meet <b>both</b> of the following conditions for exemption.		
<ul style="list-style-type: none"> <li>• Last year I had a right to a refund of <b>all</b> federal income tax withheld because I had <b>no</b> tax liability and</li> <li>• This year I expect a refund of <b>all</b> federal income tax withheld because I expect to have <b>no</b> tax liability.</li> </ul>		
If you meet both conditions, write "Exempt" here		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.		
<b>Employee's signature</b> (Form is not valid unless you sign it.) ▶		
<b>Date</b> ▶		
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	9 Office code (optional)	10 Employer identification number (EIN)

### Deductions and Adjustments Worksheet

**Note.** Use this worksheet *only* if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2006 tax return.

1 Enter an estimate of your 2006 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2006, you may have to reduce your itemized deductions if your income is over \$150,500 (\$75,250 if married filing separately). See *Worksheet 3* in Pub. 919 for details.) . . . . . 1 \$ \_\_\_\_\_

2 Enter:  $\left\{ \begin{array}{l} \$10,300 \text{ if married filing jointly or qualifying widow(er)} \\ \$ 7,550 \text{ if head of household} \\ \$ 5,150 \text{ if single or married filing separately} \end{array} \right\}$  . . . . . 2 \$ \_\_\_\_\_

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter "-0-" . . . . . 3 \$ \_\_\_\_\_

4 Enter an estimate of your 2006 adjustments to income, including alimony, deductible IRA contributions, and student loan interest . . . . . 4 \$ \_\_\_\_\_

5 **Add** lines 3 and 4 and enter the total. (Include any amount for credits from *Worksheet 7* in Pub. 919) . . . . . 5 \$ \_\_\_\_\_

6 Enter an estimate of your 2006 nonwage income (such as dividends or interest) . . . . . 6 \$ \_\_\_\_\_

7 **Subtract** line 6 from line 5. Enter the result, but not less than "-0-" . . . . . 7 \$ \_\_\_\_\_

8 **Divide** the amount on line 7 by \$3,300 and enter the result here. Drop any fraction . . . . . 8 \_\_\_\_\_

9 Enter the number from the **Personal Allowances Worksheet**, line H, page 1 . . . . . 9 \_\_\_\_\_

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the **Two-Earner/Two-Job Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1 . . . . . 10 \_\_\_\_\_

#### Two-Earner/Two-Job Worksheet (See *Two earners/two jobs* on page 1.)

**Note.** Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1 Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) . . . . . 1 \_\_\_\_\_

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here . . . . . 2 \_\_\_\_\_

3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet . . . . . 3 \_\_\_\_\_

**Note.** If line 1 is *less than* line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.

4 Enter the number from line 2 of this worksheet . . . . . 4 \_\_\_\_\_

5 Enter the number from line 1 of this worksheet . . . . . 5 \_\_\_\_\_

6 **Subtract** line 5 from line 4 . . . . . 6 \_\_\_\_\_

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here . . . . . 7 \$ \_\_\_\_\_

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed . . . . . 8 \$ \_\_\_\_\_

9 Divide line 8 by the number of pay periods remaining in 2006. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2005. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck . . . . . 9 \$ \_\_\_\_\_

**Table 1: Two-Earner/Two-Job Worksheet**

Married Filing Jointly						All Others	
If wages from <b>HIGHEST</b> paying job are—	AND, wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>HIGHEST</b> paying job are—	AND, wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above
\$0 - \$42,000	\$0 - \$4,500	0	\$42,001 and over	32,001 - 38,000	6	\$0 - \$6,000	0
	4,501 - 9,000	1		38,001 - 46,000	7	6,001 - 12,000	1
	9,001 - 18,000	2		46,001 - 55,000	8	12,001 - 19,000	2
	18,001 and over	3		55,001 - 60,000	9	19,001 - 26,000	3
				60,001 - 65,000	10	26,001 - 35,000	4
\$42,001 and over	\$0 - \$4,500	0		65,001 - 75,000	11	35,001 - 50,000	5
	4,501 - 9,000	1		75,001 - 95,000	12	50,001 - 65,000	6
	9,001 - 18,000	2		95,001 - 105,000	13	65,001 - 80,000	7
	18,001 - 22,000	3		105,001 - 120,000	14	80,001 - 90,000	8
	22,001 - 26,000	4		120,001 and over	15	90,001 - 120,000	9
	26,001 - 32,000	5				120,001 and over	10

**Table 2: Two-Earner/Two-Job Worksheet**

Married Filing Jointly		All Others	
If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above	If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above
\$0 - \$60,000	\$500	\$0 - \$30,000	\$500
60,001 - 115,000	830	30,001 - 75,000	830
115,001 - 165,000	920	75,001 - 145,000	920
165,001 - 290,000	1,090	145,001 - 330,000	1,090
290,001 and over	1,160	330,001 and over	1,160

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the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

You are not required to provide the information requested on a form that is subject to