



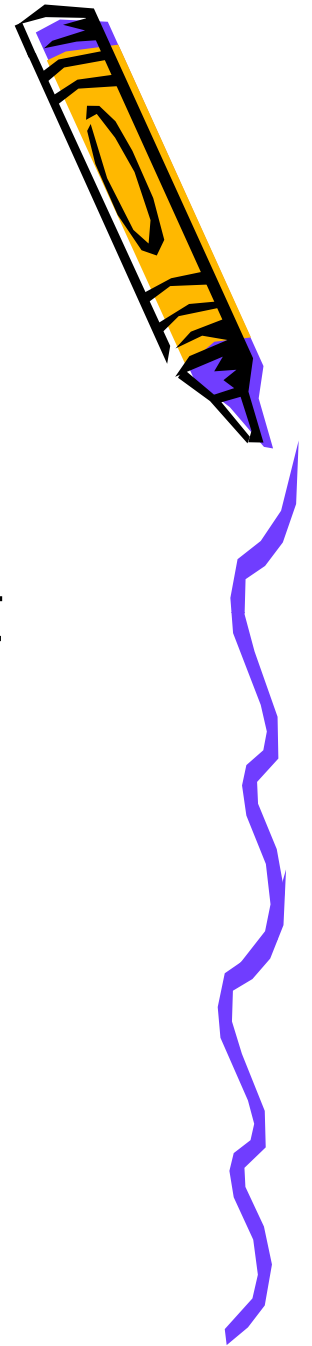
ABC's of the W-4

A Presentation for the YWCA of Elgin
THE CENTER FOR ECONOMIC PROGRESS



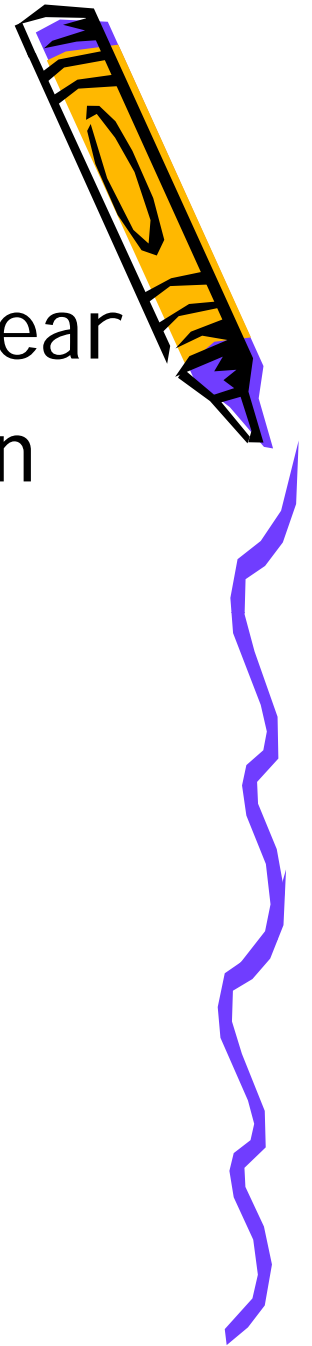
What is the **W-4**?

- It tells your employer:
“Here’s how I’m going to fill out
my tax return”



Why do I need it?

- It spreads out your taxes over the year
- Pay a little each paycheck, not a lot in April!

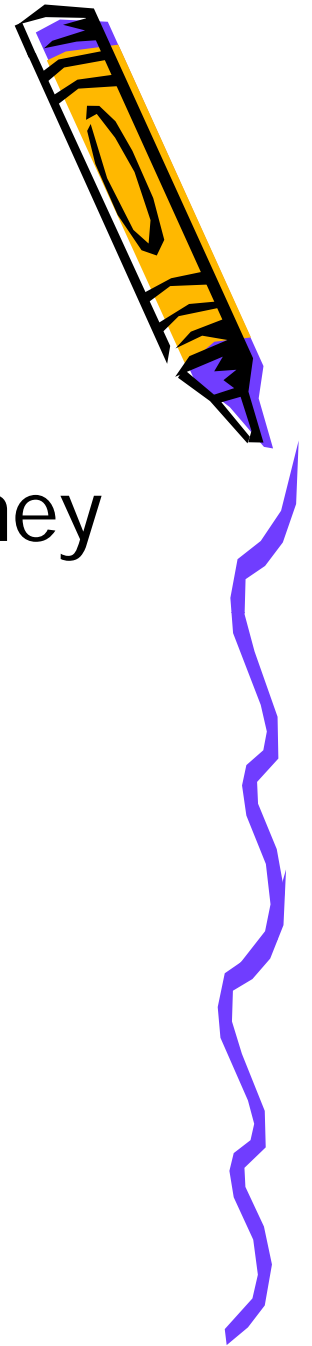
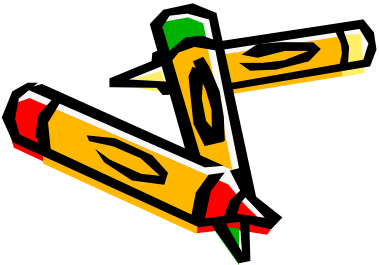


How does it work?

1. Count your allowances.
2. Tell your employer how much money to withhold from each paycheck.

Allowances – facts about you that lower your taxes

Withhold – keep back



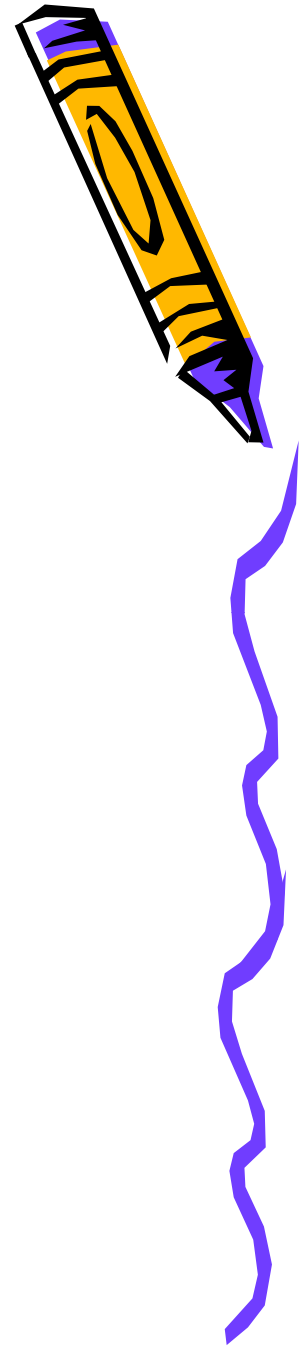
What do you mean, "Allowance?"

- Do you support yourself?
- Are you married?
- Do you have kids?
- Do your kids go to day care?



What do allowances do to my paycheck?

- Fewer allowances
 - Lower paycheck, BUT
 - Lower taxes later
- More allowances
 - Higher paycheck, BUT
 - Higher taxes later



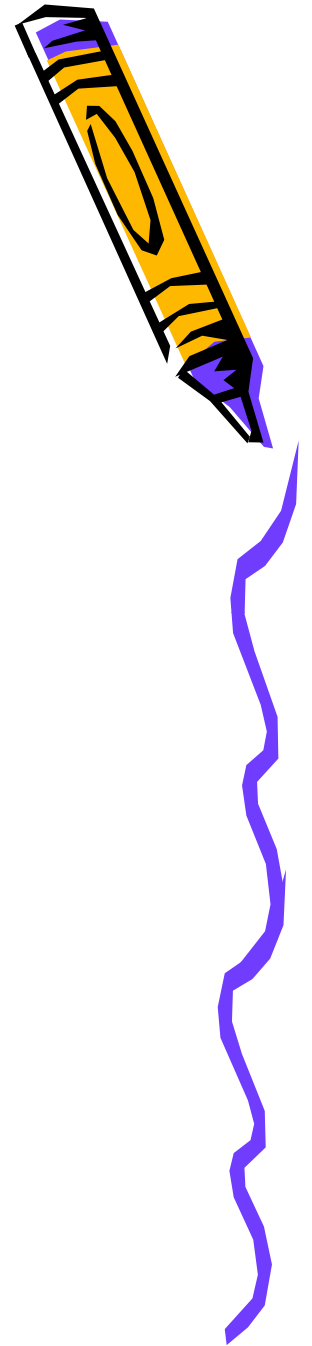
What if I get it wrong?

- If you withhold too much:

BIG REFUND!!!

- If you withhold too little:

HIGH TAXES + FINE (maybe)

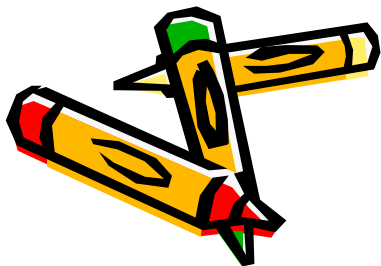


What is the Personal Allowances Worksheet?



Personal Allowances Worksheet (Keep for your records.)

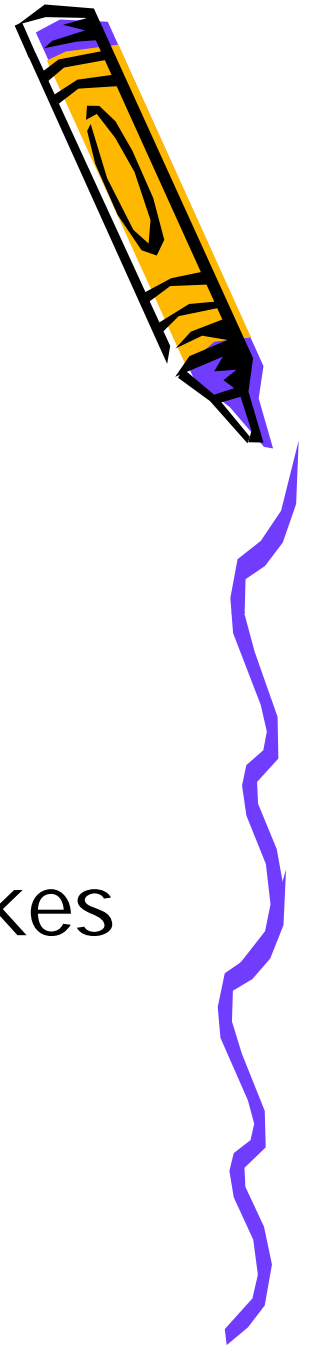
A	Enter "1" for yourself if no one else can claim you as a dependent	A	_____
B	Enter "1" if: { <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or 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). See Pub 972, Child Tax Credit, for more information. <ul style="list-style-type: none"> • If your total income will be less than \$57,000 (\$85,000 if married), enter "2" for each eligible child. • If your total income will be between \$57,000 and \$84,000 (\$85,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have 4 or more eligible children. 	G	_____
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. { <ul style="list-style-type: none"> • 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 \$40,000 (\$25,000 if married) see the Two-Earners/Multiple Jobs 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. 			



Example:

Irma's Allowances

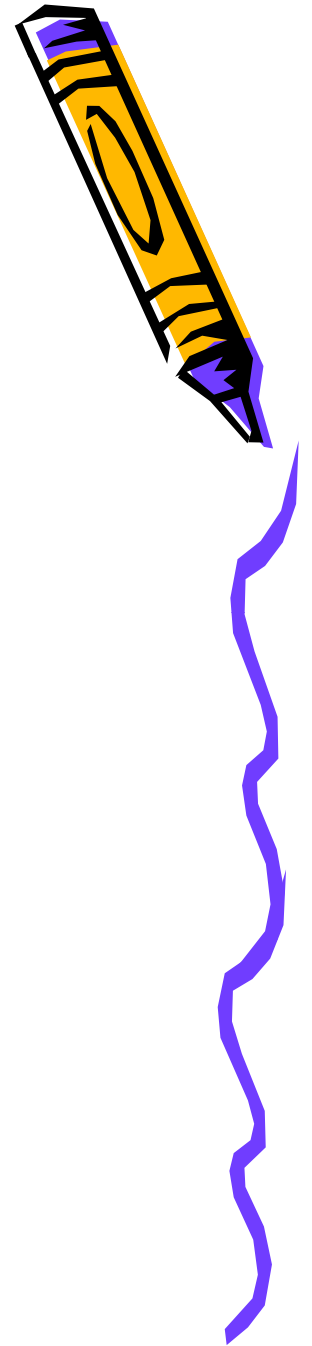
- Irma and Jose are married
- They both work
- They have 2 kids
- Irma makes \$26,000 and Jose makes \$12,000



Irma's Allowances

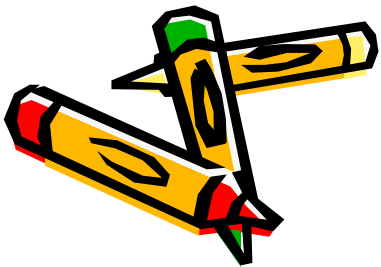
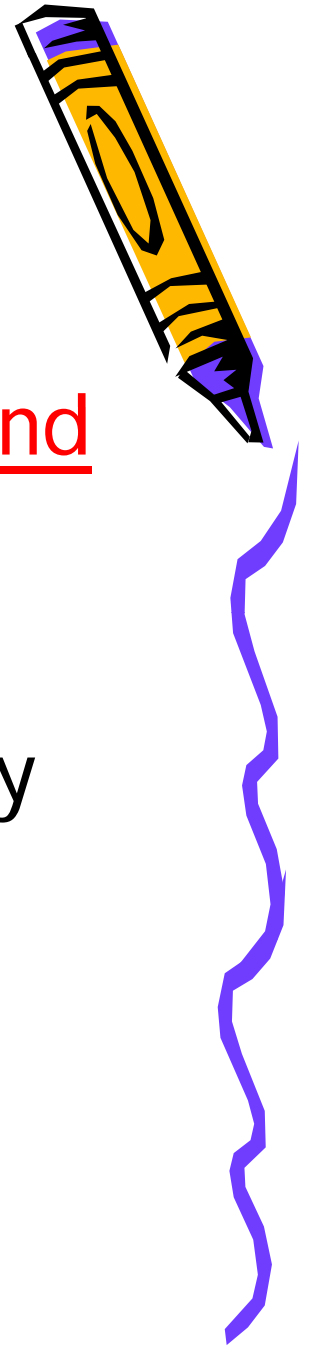
- Irma has 8 allowances!
 - 1 for herself
 - 2 for her 2 kids
 - 1 for daycare
 - 4 for the Child Tax Credit

BUT...

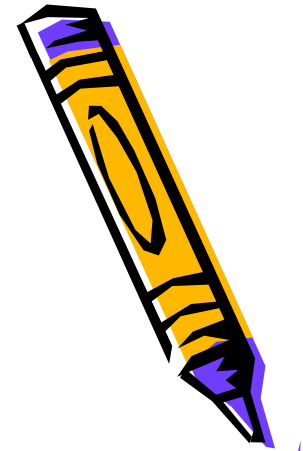


That's not all! Why not?

- Irma should fill out a deductions and adjustments worksheet
- Irma and Jose BOTH work, so they need to withhold more



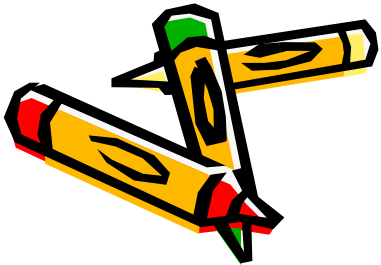
Deductions and Adjustments



Deductions and Adjustments Worksheet			
<p>Note. Use this worksheet <i>only</i> if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2007 tax return.</p>			
1	Enter an estimate of your 2007 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 2007, you may have to reduce your itemized deductions if your income is over \$156,400 (\$78,200 if married filing separately). See <i>Worksheet 2</i> in Pub. 919 for details.)	1	\$ _____
2	Enter: $\left\{ \begin{array}{l} \$10,700 \text{ if married filing jointly or qualifying widow(er)} \\ \$ 7,850 \text{ if head of household} \\ \$ 5,350 \text{ if single or married filing separately} \end{array} \right\}$	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter "-0-"	3	\$ _____
4	Enter an estimate of your 2007 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 <i>Worksheet 8</i> in Pub. 919)	5	\$ _____
6	Enter an estimate of your 2007 nonwage income (such as dividends or interest)	6	\$ _____
7	Subtract line 6 from line 5. If zero or less, enter "-0-"	7	\$ _____
8	Divide the amount on line 7 by \$3,400 and enter the result here. Drop any fraction	8	_____
9	Enter the number from the <i>Personal Allowances Worksheet</i> , line H, page 1	9	_____
10	Add lines 8 and 9 and enter the total here. If you plan to use the <i>Two-Earners/Multiple Jobs Worksheet</i> , 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-Earners/Multiple Jobs Worksheet (See <i>Two earners/multiple jobs</i> on page 1.)			
<p>Note. Use this worksheet <i>only</i> if the instructions under line H on page 1 direct you here.</p>			
1	Enter the number from line H, page 1 (or from line 10 above if you used the <i>Deductions and Adjustments Worksheet</i>)	1	_____
2	Find the number in <i>Table 1</i> below that applies to the LOWEST paying job and enter it here. However, if you are married filing jointly and wages from the highest paying job are \$50,000 or less, do not enter more than "3."	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	_____
<p>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.</p>			
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 <i>Table 2</i> 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 2007. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2006. 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				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$4,500	0	\$0 - \$6,000	0	\$0 - \$65,000	\$510	\$0 - \$35,000	\$510
4,501 - 9,000	1	6,001 - 12,000	1	65,001 - 120,000	850	35,001 - 80,000	850
9,001 - 18,000	2	12,001 - 19,000	2	120,001 - 170,000	950	80,001 - 150,000	950
18,001 - 22,000	3	19,001 - 26,000	3	170,001 - 300,000	1,120	150,001 - 340,000	1,120
22,001 - 26,000	4	26,001 - 35,000	4	300,001 and over	1,190	340,001 and over	1,190
26,001 - 32,000	5	35,001 - 50,000	5				
32,001 - 38,000	6	50,001 - 65,000	6				
38,001 - 46,000	7	65,001 - 80,000	7				
46,001 - 55,000	8	80,001 - 90,000	8				
55,001 - 60,000	9	90,001 - 120,000	9				
60,001 - 65,000	10	120,001 and over	10				
65,001 - 75,000	11						
75,001 - 95,000	12						
95,001 - 105,000	13						
105,001 - 120,000	14						
120,001 and over	15						



Irma's Adjustments



- Look at the table
- Jose's job is the lowest paying job in their family
- He makes between \$9,001 and \$18,000
- So, Irma puts down 2

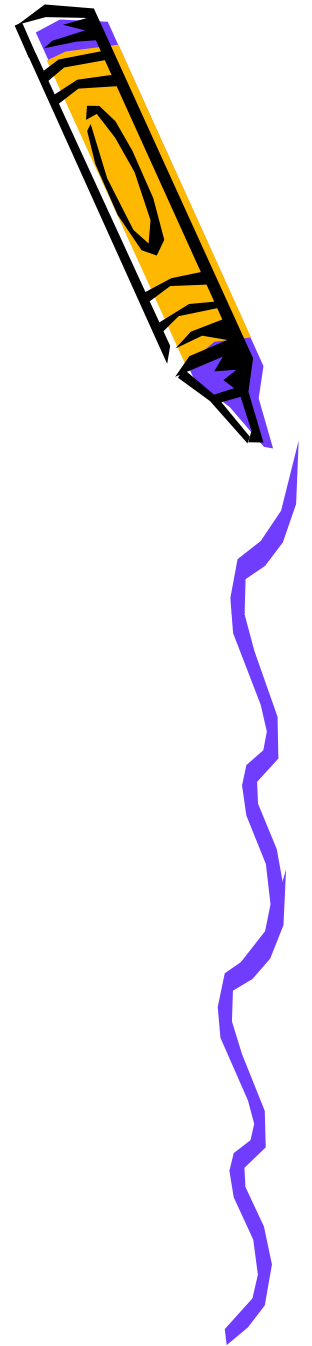


Irma's Adjusted Allowances

8 allowances

- 2 adjustments

6 allowances after adjustments



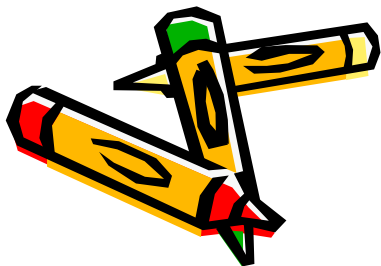
Irma's Deductions and Adjustments Worksheet



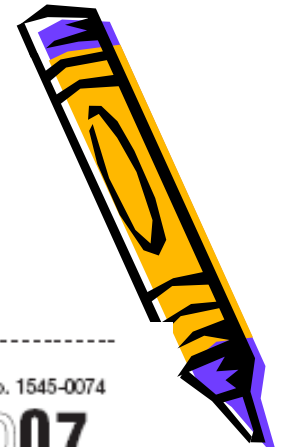
Deductions and Adjustments Worksheet			
Note. Use this worksheet <i>only</i> if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2007 tax return.			
1	Enter an estimate of your 2007 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2007, you may have to reduce your itemized deductions if your income is over \$156,400 (\$78,200 if married filing separately). See <i>Worksheet 2</i> in Pub. 919 for details.)	1	\$ _____
2	Enter: $\left\{ \begin{array}{l} \$10,700 \text{ if married filing jointly or qualifying widow(er)} \\ \$ 7,850 \text{ if head of household} \\ \$ 5,350 \text{ if single or married filing separately} \end{array} \right\}$	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter "-0-"	3	\$ _____
4	Enter an estimate of your 2007 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 <i>Worksheet 8</i> in Pub. 919)	5	\$ _____
6	Enter an estimate of your 2007 nonwage income (such as dividends or interest)	6	\$ _____
7	Subtract line 6 from line 5. If zero or less, enter "-0-"	7	\$ _____
8	Divide the amount on line 7 by \$3,400 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-Earners/Multiple Jobs 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-Earners/Multiple Jobs Worksheet (See <i>Two earners/multiple jobs</i> on page 1.)			
Note. Use this worksheet <i>only</i> 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	<u>8</u>
2	Find the number in Table 1 below that applies to the LOWEST paying job and enter it here. However, if you are married filing jointly and wages from the highest paying job are \$50,000 or less, do not enter more than "3."	2	<u>2</u>
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	<u>6</u>
Note. If line 1 is <i>less than</i> 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 2007. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2006. 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				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$4,500	0	\$0 - \$6,000	0	\$0 - \$65,000	\$510	\$0 - \$35,000	\$510
4,501 - 9,000	1	6,001 - 12,000	1	65,001 - 120,000	850	35,001 - 80,000	850
9,001 - 18,000	2	12,001 - 19,000	2	120,001 - 170,000	950	80,001 - 150,000	950
18,001 - 22,000	3	19,001 - 26,000	3	170,001 - 300,000	1,120	150,001 - 340,000	1,120
22,001 - 26,000	4	26,001 - 35,000	4	300,001 and over	1,190	340,001 and over	1,190
26,001 - 32,000	5	35,001 - 50,000	5				
32,001 - 38,000	6	50,001 - 65,000	6				
38,001 - 46,000	7	65,001 - 80,000	7				
46,001 - 55,000	8	80,001 - 90,000	8				
55,001 - 60,000	9	90,001 - 120,000	9				
60,001 - 65,000	10	120,001 and over	10				
65,001 - 75,000	11						
75,001 - 95,000	12						
95,001 - 105,000	13						
105,001 - 120,000	14						
120,001 and over	15						



Irma's W-4

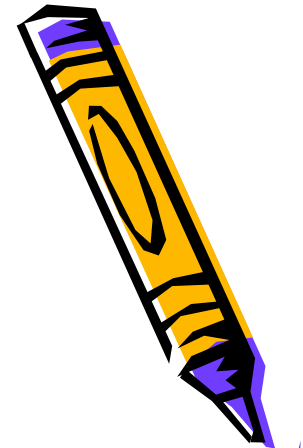


----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

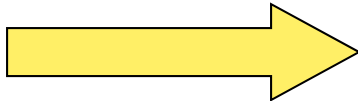
Form W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.	OMB No. 1545-0074 2007
1 Type or print your first name and middle initial. Last name Irma Money		2 Your social security number 000 00 0000
Home address (number and street or rural route) 2301 South Jackson		3 <input type="checkbox"/> Single <input checked="" type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code Chicago, IL 60640		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 replacement card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 6 Additional amount, if any, you want withheld from each paycheck		5 6 6 \$
7 I claim exemption from withholding for 2007, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 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.		
Employee's signature (Form is not valid unless you sign it.) ▶ Irma Money		Date ▶ 8/15/07
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)



How to Fill out the W-4: Line 1



- Write your name



Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ 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.		2007	
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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption.					
<ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 					
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.					
Employee's signature (Form is not valid unless you sign it.) ▶					
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)				Date ▶	
9 Office code (optional)			10 Employer identification number (EIN)		

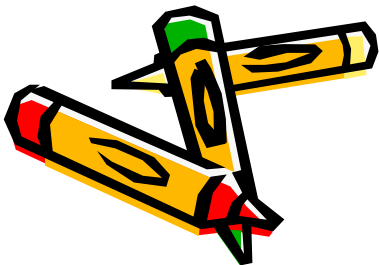
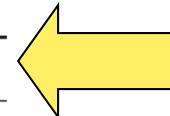


How to Fill out the W-4: Line 2



- Write your Social Security Number

Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ 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.		2007
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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶				
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.				
Employee's signature (Form is not valid unless you sign it.) ▶			Date ▶	
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)

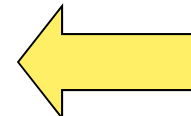


How to Fill out the W-4: **Line 3**



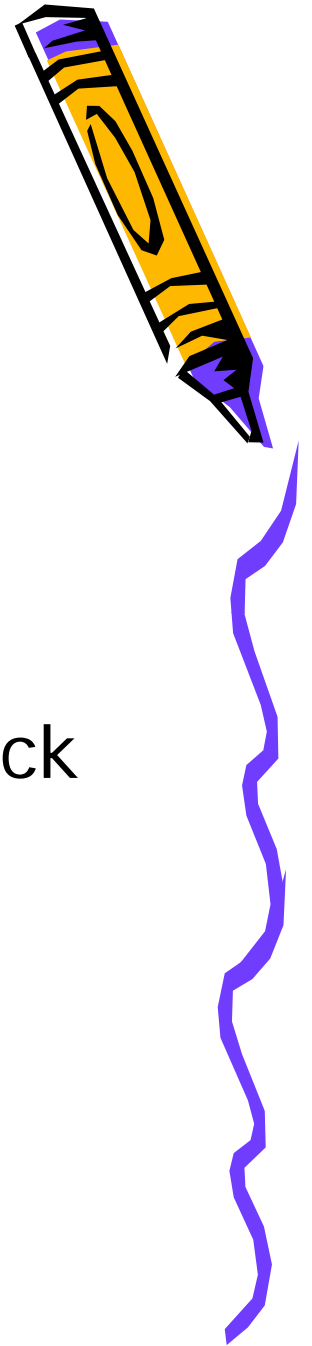
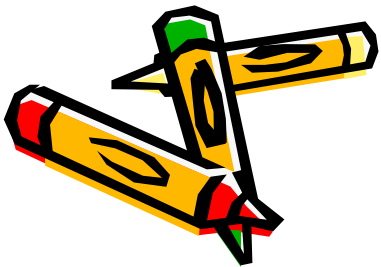
- If you are single, check single.
- If you are married:
 - You can check married, OR
 - You can check "Married, but withhold..."

Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		▶ 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.		2007
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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption.				
• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.				
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.				
Employee's signature (Form is not valid unless you sign it.) ▶				
		Date ▶		
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)



What Does “Married, but Withhold...” Mean?

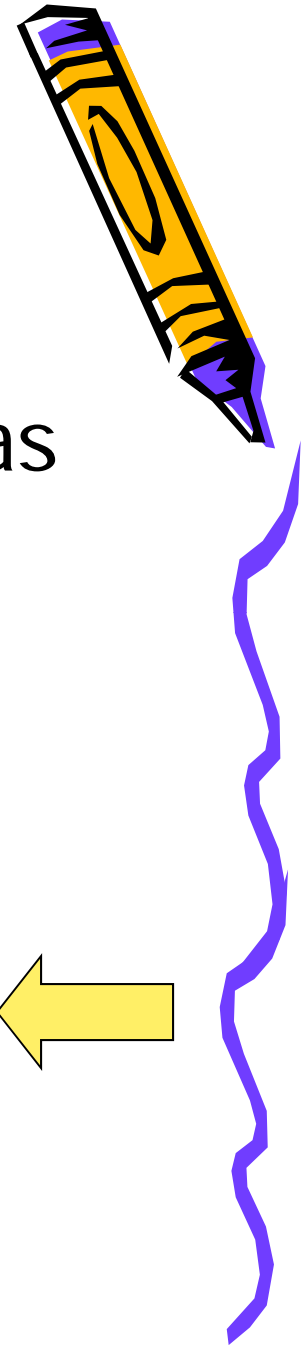
- It means:
 1. You are married
 2. You want to pay more from your paycheck now. You will get more back later.



How to Fill out the W-4:

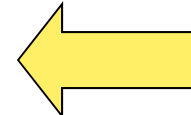
Line 4

- Make sure your name is the same as on your Social Security Card.
- If it is, leave blank.



Form **W-4** **Employee's Withholding Allowance Certificate** OMB No. 1545-0074
Department of the Treasury Internal Revenue Service **2007**
▶ 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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 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. Employee's signature (Form is not valid unless you sign it.) ▶				
8			9	10
Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)			Office code (optional)	Employer identification number (EIN)

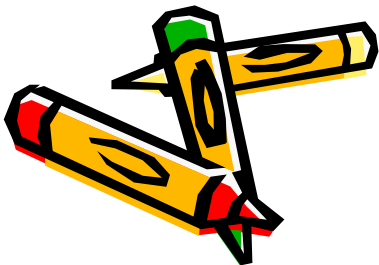
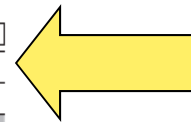


How to Fill out the W-4: Line 5



- Put in the # of allowances

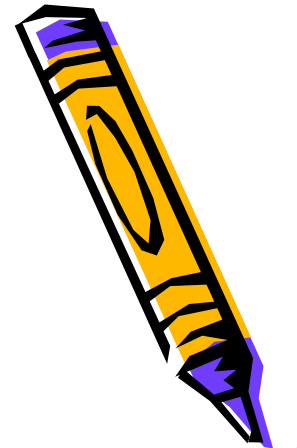
Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.			2007
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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption.					
• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.					
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.					
Employee's signature (Form is not valid unless you sign it.) ▶				Date ▶	
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)	



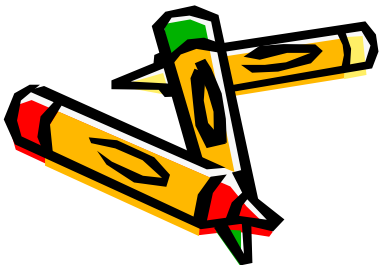
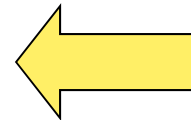
How to Fill out the W-4:

Line 6

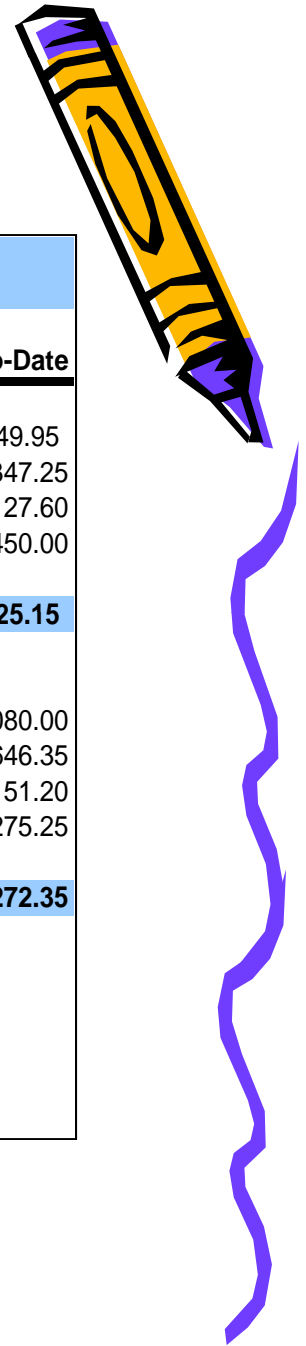
- Leave blank, OR
- If you want to withhold more money, write the amount



Form W-4		Employee's Withholding Allowance Certificate		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ 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.		2007	
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. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
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 replacement 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 2007, and I certify that I meet both of the following conditions for exemption.					
<ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. 					
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.					
Employee's signature (Form is not valid unless you sign it.) ▶					
Date ▶					
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)



My Paycheck Looks Like...



Total Earnings	Pre-Tax Ded	Tax Deduction	After-Tax Ded	Net Pay
833.33	138.32	143.52	0.00	551.49

	Hours	Current	Year-to-Date		Current	Year-to-Date
GROSS EARNING(S):				PRE-TAX DEDUCTION(S):		
08/05 Regular Salary		\$833.33	\$12,499.95	08/05 Retirement Contribu	\$83.33	\$1,249.95
				08/05 Medical Premier	23.15	347.25
TOTAL GROSS		\$833.33	\$12,499.95	08/05 Dental	1.84	27.60
				08/05 CTA Transit Pass	30.00	450.00
				TAXABLE EARNINGS (FED)	\$695.01	\$10,425.15
				TAX DEDUCTION(S):		
				FED TX Withholding Tax	72.00	1,080.00
				FED TX Social Security	43.09	646.35
				FED TX Medicare Tax	10.08	151.20
				IL TX Withholding Tax	18.35	275.25
				NET PAY	\$551.49	\$8,272.35


Payment Type	Bank Location	Bank Number	Amount
Direct Deposit	91000019	XXXXXX9876	\$551.49



What is a **W-2**?

- Has your tax information for 1 job for 1 year



a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile .			
b Employer identification number (EIN) 12-2222222				1 Wages, tips, other compensation 16,680.24	2 Federal income tax withheld 1,728.00				
c Employer's name, address, and ZIP code Real World Business Chicago, IL 60640				3 Social security wages 16,680.24	4 Social security tax withheld 1034.16				
				5 Medicare wages and tips 16,680.24	6 Medicare tax withheld 241.92				
				7 Social security tips	8 Allocated tips				
d Employee's social security number 000-00-000				9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial Last name Irma Money 2301 South Jackson Chicago, IL 60640				11 Nonqualified plans		12a See instructions for box 12 D 2000.00			
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	12b				
				14 Other			12c		
							12d		
f Employee's address and ZIP code									
15 State IL	Employer's state ID number 12-2222222	16 State wages, tips, etc. 16,680.24	17 State income tax 440.40	18 Local wages, tips, etc.	19 Local income tax	20 Locality name			



Form **W-2** Wage and Tax Statement

2005

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.



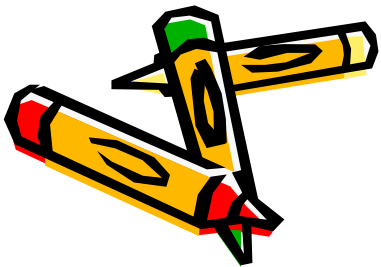
What is a 1099?



- Box 7 has your tax information for self-employment or contract work

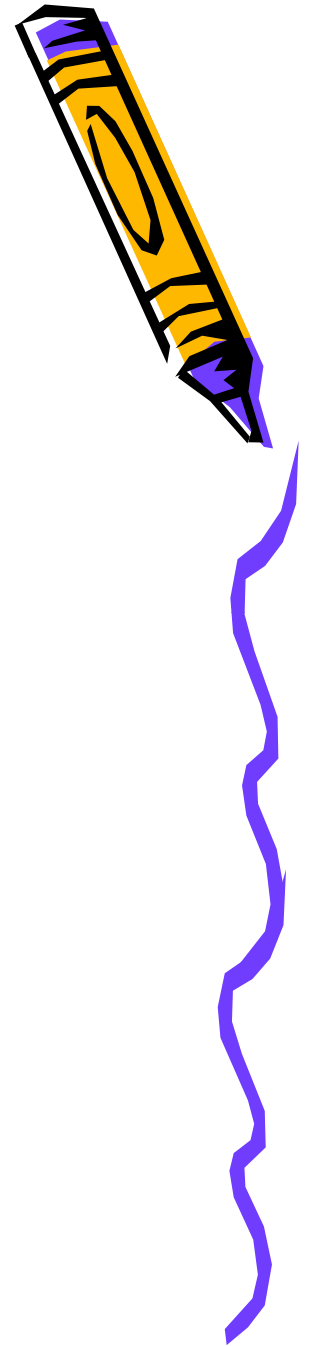
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents	OMB No. 1545-0115	Miscellaneous Income
Real World Business Chicago, IL 60640		\$	2005	
		2 Royalties		
		\$	3 Other income	4 Federal income tax withheld
PAYER'S Federal Identification number	RECIPIENT'S Identification number	5 Fishing boat proceeds	6 Medical and health care payments	
12-2222222	000-00-0000	\$	\$	
RECIPIENT'S name Irma Money Street address (including apt. no.) 2301 South Jackson City, state, and ZIP code Chicago, IL 60640		7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		\$ 20,000.00	\$	
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds	
\$	\$			
11	12			
Account number (see instructions)	13 Excess golden parachute payments	14 Gross proceeds paid to an attorney		
	\$	\$		
15a Section 409A deferrals	15b Section 409A income	16 State tax withheld	17 State/Payer's state no.	18 State income
\$	\$	\$		\$

Form 1099-MISC (keep for your records) Department of the Treasury - Internal Revenue Service



What do I have to pay Income Tax on?

- Wages, Salary, Tips, Bonuses
- Unemployment Money
- Interest
- State Tax Refunds (from last year)
- Gambling Winnings
- Rental Income
- Investment Income



Payroll Deductions

- Gross Income (Earnings)
 - Salary, wages, bonuses, tips
- Pre-Tax Deductions – Things you pay for *before* taxes
 - Health Insurance
 - Retirement
- Tax Withholding
- Net Income (Take-Home Pay) – Amount after all payroll deductions

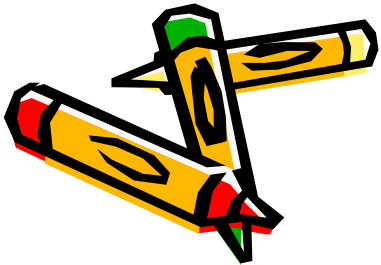


Do I have any “Dependents”?

- A dependent:
 - Is related to you or living with you
 - You pay more than 50% of their living expenses

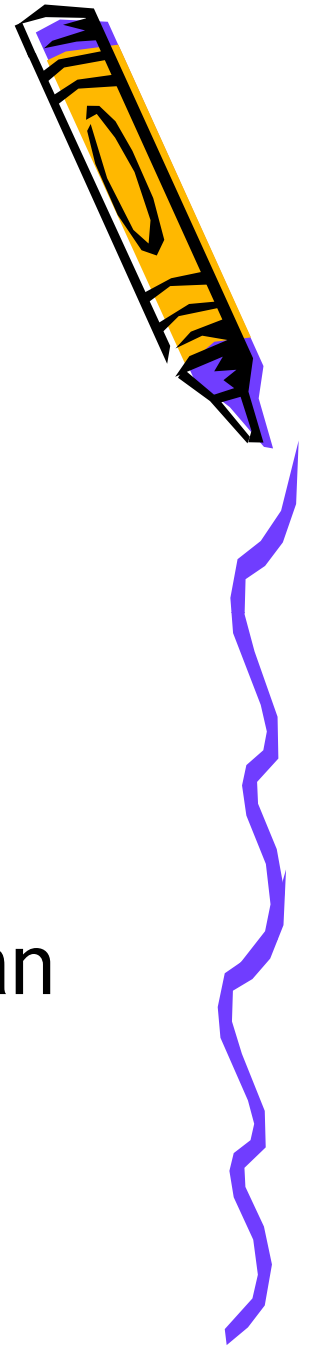
AND

- Is under 19
- Is a student under 24, or
- Made less than \$3,200



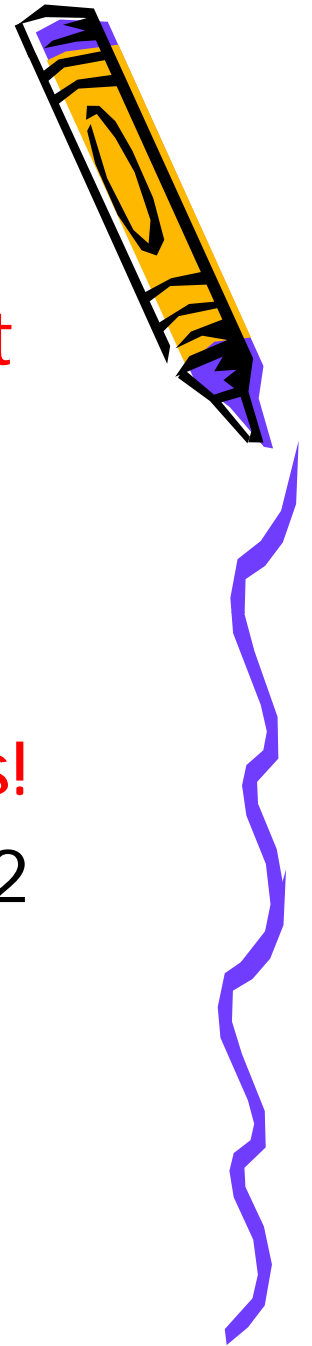
TAX Tips!

- Fill out the **W-4**
- Find out about **Tax Credits**
- Keep your **papers** together
 - Last year's return, W-2 or 1099, IRS letters, other expenses and payments
- File **Early**
- Don't get a Refund Anticipation Loan



Problems?

- Your refund is smaller than you thought
 - Maybe, you put too many allowances
 - Next time, put fewer allowances
- You work 2 jobs, and now you owe taxes!
 - Maybe you didn't fill out the 2 Job/ 2 Earner Worksheet
 - Fill it out next time!



Fill it out Right!

- Don't just do what your friends did!
- Fill it out carefully and write clearly
- Fill out Side 2
- Fill out a new W-4 when things change

