

James Toews
Authorized Signature

Number: SPD-AR-07-005
Issue Date: 1/24/2007

Topic: Provider Information

Due Date: 2/16/2007

Subject: New 2007 W-4 forms for Homecare Workers claiming exempt status on income tax withholding

Applies to (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> All DHS employees | <input type="checkbox"/> County Mental Health Directors |
| <input checked="" type="checkbox"/> Area Agencies on Aging | <input type="checkbox"/> Health Services |
| <input type="checkbox"/> Children, Adults and Families | <input checked="" type="checkbox"/> Seniors and People with Disabilities |
| <input type="checkbox"/> County DD Program Managers | <input type="checkbox"/> Other (please specify): |

Action Required:

SPD central office is sending a letter to those Homecare Workers who claimed exempt status for income tax withholding last year. Approximately 539 Homecare Workers claimed exempt status last year. Those claiming exempt status must file a new W-4 form each year. The exemption for the current year expires February 16, 2007. Therefore, Homecare Workers must complete a new W-4 form and return it to the local SPD/AAA office if they wish to claim exempt. Local SPD/AAA offices must enter the new information into the Financial/Tax screen on Oregon ACCESS. Do not forward W-4 forms to SPD central office. If a Homecare Worker does not return the new W-4 form in a timely manner, IRS guidelines require SPD to change their tax status to "single" with zero withholdings which is the highest tax withholding rate.

If local offices receive phone calls from Homecare Workers, please inform the HCW that they must complete a new W-4 form to continue to claim exempt status. The IRS instructions for filling out a W-4 form can be found on the reverse side of the form.

SPD/AAA offices should not provide any tax advice to Homecare Workers or assist them in completing the forms. The Homecare Workers' union (SEIU Local 503, OPEU) is also not able to provide any tax advice to Homecare Workers. Local SPD/AAA offices may refer the Homecare Worker to the IRS at 1-800-829-1040 or suggest they contact tax experts or web sites that may help answer their questions.

Local SPD/AAA offices must keep copies of W-4 forms in the Homecare Workers' provider file for at least four years.

Local SPD/AAA offices must send copies of W-4 forms to the Oregon Department of Revenue in the following circumstances:

- **The Homecare Worker claims more than ten withholding allowances; or**
- **The Homecare Worker claims exempt from state and federal withholding, and their income is expected to exceed \$200 per week.** Since our timesheets authorize hours on a monthly basis, this means any expected monthly wage that exceeds \$860.00. (*Note: \$200.00 multiplied by 4.3 weeks in the average month equals \$860.00 per month.*)
- **The Homecare Worker claims exemption from withholding for state purposes but not federal purposes.**

You do not need to send copies of W-4 forms to the federal Internal Revenue Service (IRS) unless requested by the IRS.

Additional W-4 forms can be obtained on-line at the IRS website: www.irs.gov

A copy of the 2007 W-4 form and the tip-sheet for processing W-4 forms are attached. More information about W-4 forms can be located in the following transmittals: Policy Transmittal [05-008](#), Information Memorandum [05-034](#), Policy Transmittal [05-014](#), and Policy Transmittal [05-016](#).

Reason for Action: Current tax exemption for Homecare Workers claiming exempt status is expiring 02/16/07. Local SPD/AAA must process new forms received at the local office.

Field/Stakeholder review: Yes No

If yes, reviewed by:

If you have any questions about this action request, contact:

Contact(s):	Mary L. Lang, In-Home Services Program Coordinator		
Phone:	(503) 945-5799	Fax:	(503) 947-4245
E-mail:	mary.l.lang@state.or.us		

Information Regarding W-4 forms “Employee’s Withholding Allowance Certificate”

Last revised 12/12/05

1. Per tax law, W-4s need to be retained in the provider file for at least four years.
2. **State Government Processing:** Local offices **must** mail copies of W-4 forms to the Oregon Department of Revenue under any of the three following circumstances:
 - The HCW claims more than ten withholding allowances; or
 - The HCW claims an exemption from federal income tax withholding and expected wages exceed \$200.00 per week (that would be more than \$860.00 per month); or
 - The HCW claims an exemption from withholding for state taxes but not for federal taxes.
 - a. Make sure the forwarded information includes the following:
 - Homecare Worker (employee) name
 - Social Security Number (SSN)
 - Status and number of allowances, or exempt
 - Employer: SPD Provider Payment Unit
 - Employer ID number 93-0600527
 - Employer Address: P O Box 14960, Salem, OR 97309-5045
 - b. Copies should be sent to:
W-4 Project Manager
Oregon Department of Revenue
PO Box 14560
Salem, OR 97309
3. **Federal Government Processing:** The IRS may request, in writing, copies of W-4 forms for certain providers. Only when requested, take these steps.
 - a. Complete section 8 and 10 at the bottom of the W-4 form with “SPD Provider Payments Unit” as the employer “93-0600527” as the employer ID Number. The employer address is:
SPD Provider Payments Unit
P O Box 14960
Salem, OR 97309-5045
 - b. Make a copy of the HCW’s W-4 form for the provider file
 - c. Make a cover letter including the:

- name and phone number of the contact person sending the W-4
- local office address
- SPD Provider Payment Unit's Employer ID number (93-0600527) and;
- number of forms included.

d. Mail the original W-4 form and cover letter to:

Internal Revenue Service
Ogden, UT 84201-0005

4. The amount of state and federal tax withholding is based on marital status and withholding allowances. Providers may not base their withholding amounts on a fixed dollar amount or percentage. However, a provider can request an additional amount to be withheld in addition to the amount of withholding based on marital status and withholding allowances.
5. Any unauthorized change or addition to the W-4 form makes it invalid. An example of an authorized change is someone's signature on the form other than the person who is filing for tax withholding. Also, if an HCW indicates in anyway that information they provided on the form they submitted is false, do not accept it. Ask the Homecare Worker to complete a new form W-4 with the correct information.

[Branch Name] [Branch Number]
[Branch Address]
[Branch City, State, Zip-Suffix]

State of Oregon
Department of
Human Services

[Provider Name] [Provider Number]
[Provider Address Addl]
[Provider Address]
[Provider City, State, Zip-Suffix]

Date: January 19, 2007

Subject: Homecare Workers - Exemption for Income Tax Withholding Notice
IMMEDIATE ACTION REQUIRED

Department of Human Services - Seniors and Peoples with Disabilities (DHS-SPD) withholds income tax for Homecare Workers (HCW) unless the HCW claims they are exempt on their W-4 form. Exemptions from tax withholding expire after a certain time. Under IRS regulations, those who claim exempt need to complete a new W-4 form each year.

The W-4 form indicates how long the current exemption will remain active prior to expiration. Our records indicate you claimed exempt status last year and your exemption is expiring 02-16-07. Therefore, if you wish to claim exempt status for 2006 you need to send an updated W-4 form to your local Senior or Disability Services office where you receive your payment vouchers.

Enclosed is the 2007 W-4 form for you to complete. The W-4 form (Employee's Withholding Allowance Certificate) is where you designate your filing status and the number of allowances you want to claim. Instructions are included on the form. Please complete and return the signed W-4 form to the local Senior or Disability Services office where you return your payment vouchers.

If your W-4 form has not been received by February 7, 2007 and recorded by DHS, IRS rules require that taxes be withheld at the highest rate (filing status of single with zero allowances).

DHS employees cannot provide you with any tax advice and are not allowed to tell you how to fill out the W-4 form. If you need assistance in completing the form, please contact a tax expert or the Internal Revenue Service (IRS) at 1-800-829-1040, or the Department of Revenue, at 1-800-356-4222.

Please make sure the W-4 form is complete before returning it in the enclosed envelope. The W-4 form includes space (sections 8 and 10 at the bottom of page 1) for entering the employer and Employer ID Number. Please leave sections 8, 9 and 10 blank. These spaces will be filled out by SPD staff.

If you have questions regarding this notice, please contact your local Senior or Disability Services office where you return your payment vouchers.

If you are no longer employed as a Homecare Worker and do not anticipate returning to home care employment, please disregard this notice.

Form W-4 (2007)

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 2007 expires February 16, 2008. 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/multiple 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.

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. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners/Multiple 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 2007. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

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). See Pub 972, Child Tax Credit, for more information.
 • 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.**
 { • 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.

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

Form W-4 <small>Department of the Treasury Internal Revenue Service</small>	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		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 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 <small>(Form is not valid unless you sign it.) ►</small>		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)

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 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 *Worksheet 2* 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 *Worksheet 8* 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 *Two earners/multiple 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. **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** _____

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 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						

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may also subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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