

Cathy Cooper
Authorized Signature

Number: SPD-AR-11-010
Issue Date: 1/31/2011

Topic: Provider Information

Due Date: 2/16/2011

2011 W-4 Forms for Homecare Workers Claiming Exempt Status on Income
Subject: 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:

Homecare Workers (HCWs) who claim exempt status for income tax withholding purposes must file a new W-4 form (Employee's Withholding Allowance Certificate) each year. The exemption for the current year expires February 16, 2011. HCWs must complete a new W-4 form and return it to the local SPD/AAA office if they wish to continue to claim exempt status. In February 2011, SPD Central Office sent a letter and new W-4 to all HCWs who claimed exempt status, informing them of the need to update their exempt status.

Local SPD/AAA staff must enter the new information into the Financial/Tax screen on Oregon ACCESS prior to **February 16, 2011**. If a HCW does not return the new W-4 form before the deadline, Internal Revenue Service (IRS) guidelines require SPD to change the HCW's tax status to "single" with zero withholdings, which is the highest tax withholding rate. Local SPD/AAA offices must keep copies of the W-4 forms in the Homecare Workers' provider files for at least four years. **Do not forward W-4 forms to SPD Central Office.**

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

Important Note:

Even when a homecare worker claims exempt status, the Department of Revenue can make the determination that the withholding amount should be changed. The Department of Revenue will notify the Payment Support Unit in writing of the determined status and allowances (e.g. Status- Single; Allowances -1) and they will make the required changes and send the local office a copy of the letter received from the Department of Revenue. The letter must be maintained in the homecare worker's provider file. If the homecare worker files a new certificate claiming more allowances than the Department of Revenue has determined, the local offices must send the Department of Revenue a copy of the Form W-4.

Additional Action:

In addition to updating Oregon ACCESS, 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 Service Plans 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.**

Copies of W-4 forms do not need to be sent to the federal IRS unless requested by the IRS.

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

A copy of the letter being mailed to HCWs and the tip-sheet for processing W-4 forms are attached.

Reason for Action: Current tax exemption for Homecare Workers claiming exempt status expires 02/16/11. Local SPD/AAA offices must process new forms received at the local office.

Field/Stakeholder review: Yes No

If yes, reviewed by: SPD Operations, SPD Policy

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

Contact(s):	Jenny Cokeley, Interim In-Home Services Manager		
Phone:	503-945-6985	Fax:	503-947-4245
E-mail:	jenny.e.cokeley@state.or.us		

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

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.

January 28, 2011

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 02-16-11. Therefore, if you wish to claim exempt status for 2011 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 2011 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 9, 2011 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.