

Seniors and People with Disabilities

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Authorized Signature

Number: SPD-IM-05-034  
Issue Date: 05/20/05

Topic: Provider Information

Subject: Homecare Workers: W4 forms and second Income Tax Withholding notice

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):              |

Message:

SPD Central Office sent a notice to all active Homecare Workers dated May 9, 2005 about the need to complete the W-4 form for income tax withholding, which will begin on 07/01/05.

As described in Policy Transmittal 05-008, SPD Central Office is now sending the second notice to Homecare Workers who have not yet returned the completed W-4 form. Attached is a copy of the second notice sent to Homecare Workers, for your information. It is being sent at the beginning of June 2005 to all enrolled Homecare Workers in the system as of May 26, 2005. Please review PT 05-008 for information about processing and retaining W-4 forms received in the local office.

Tax withholding is not an option for Homecare Workers. They cannot decline by not completing the W-4 form. The highest tax withholding rate (filing status of single with zero allowances) will be applied on all payments beginning July 1, 2005, unless the Homecare Worker completes the W-4 form indicating a different filing status and number of allowances.

Exempt Status on Form W-4

Income tax will be withheld on all payments unless the HCW claims they are exempt on their W-4 form. Under IRS regulations, those who claim exempt will need to complete a new form each year. The W-4 form indicates how long the current exemption will remain active prior to expiration. The 2005 W-4 form indicates that the current exemption expires 02-16-05.

## **Completion of W-4 form for New Homecare Workers**

As stated in PT 05-008, local offices must add the current W-4 form to the Homecare Worker enrollment packets as part of the application process. Any Homecare Workers enrolled after May 26, 2005 will need to complete and return their W-4 form to the local office. The local office will enter the tax data on the Financial/Tax screen in Oregon ACCESS as part of the Homecare Worker enrollment process.

HCW enrollment packets should include:

- Homecare Worker application form (either your local office version, the DHS 0355 Career HCW Application or the DHS 0355B Exclusive HCW Application)
- Criminal History Release Authorization form (DHS 0301)
- Form I-9 - Employment Eligibility Verification (Immigration and Naturalization)
- SDDS 736 In-Home Services Provider Enrollment form
- IRS Form W-4

You will not be able to enroll or request an OMAP provider number for a Homecare Worker without their filing status and number of allowances. As of May 27,, 2005, Oregon ACCESS will have edits requiring this information prior to requesting an OMAP provider number.

## **Processing W-4 forms at the local office**

**Do not forward W-4 forms to SPD Central Office.** W-4 forms received in the local office must be recorded by local office homecare enrollment staff. SPD Central Office will only be processing those forms returned by Homecare Workers in the return envelope provided with their letter. Delays in recording W-4 information could result in a Homecare Worker being taxed at a higher rate than they designated on their W-4 form. Furthermore, it is better that W-4 forms be retained in the local offices' provider file in the event of future state or federal audits.

## **Ordering W-4 Forms**

The W-4 form is an Internal Revenue Service (IRS) form that is updated annually. Therefore, the form cannot be ordered through the DHS forms website. Local offices will need to maintain their own supply of W-4 forms.

The form can be downloaded from the IRS' website, photocopies can be made, or a supply of blank copies can be ordered from the IRS by calling 1-800-829-4933. If you contact the IRS for blank copies of the form, they may ask for your name, the number of forms needed and the Employer ID number. For purposes of the W-4, the employer is SPD Provider Payments Unit and the Employer ID Number (EIN) is 93-0600527.

## **Revised W-4 Processing Instructions**

Due to an IRS rule change, published April 14, 2005, employers are no longer required to send W-4 forms to the IRS unless the IRS requests W-4 forms for specific HCWs. Therefore, the processing instructions for W-4 forms have been revised and the new version is attached. You do not need to complete sections 8 and 10 on the W-4 form (Employer, Employer address and Employer ID number) unless the IRS **requests** you send specific forms to them.

### **Employer Status**

When the W-4 is requested, SPD Provider Payments Unit will be listed as the employer. SPD Central Office will handle the ongoing financial reporting and fund transfers from the SPD Provider Payments Unit to the IRS. However, other aspects of the employment relationship have not changed. The client remains the employer of the Homecare Worker in hiring, scheduling work, training, and termination of the employment relationship.

### **Requests for separate State and Federal Tax withholding options**

If a Homecare Worker requests the option of having a different filing status, a different number of allowances, or different additional withholding amounts for State and Federal tax withholding, they may mark in pen either "State" or "Federal" at the top of two different W-4 forms. This would allow them to have different selections for State income tax withholding as opposed to Federal income tax withholding. Upcoming changes (scheduled for early June) will be made to Oregon ACCESS to provide separate fields for State and Federal income tax information for those Homecare Workers who have submitted different forms.

*If you have any questions about this information, contact:*

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

[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:            June 6, 2005

Subject:        Homecare Workers' Income Tax Withholding Notice  
**IMMEDIATE ACTION REQUIRED – DUE JUNE 25, 2005**

Department of Human Services - Seniors and Peoples with Disabilities (DHS-SPD) sent a previous notice to all Homecare Workers dated May 9, 2005 about withholding income tax for Homecare Workers (HCW). New Homecare Workers (HCW) may not have received the first notice. Our records indicate we do not have W-4 information on record for you. **This is your final notice.**

As required by the Homecare Workers contract, SPD will begin income tax withholding on July 1, 2005. To view the Collective Bargaining Agreement between the HCW SEIU Local 503 and the Home Care Commission (HCC) on line, go to <http://www.seiu503.org/> and click on the link to the Homecare contract.

Enclosed is the 2005 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 W-4 form in the enclosed self-addressed envelope immediately.

**If your W-4 form has not been received by June 30, 2005 and recorded by DHS, IRS rules require that taxes be withheld at the highest rate (filing status of single with zero allowances).**

Federal and State tax withholding will begin for wage payments made on or after July 1, 2005. Income tax withholding will not be based on the service dates of your voucher. This means that income taxes will be withheld from any wage payments processed on or after July 1, 2005, even if the wages were for services you provided in June or earlier.

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.

Starting mid-June, your income tax filing information will show on your payment statement (remittance advice).

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.

*More information will be coming soon about direct deposit. Direct deposit of your paycheck into your bank account will not become an option until September 2005.*

If you have questions regarding this notice, please contact your local Senior or Disability Services office or your nearest SEIU Local 503 office (in Salem: 503-581-1505, Portland: 503-408-4090, or Eugene: 541-342-1055).

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

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

**Revised 05/18/05**

1. Per tax law, W-4s need to be kept on file for at least four years.
2. The IRS may give a written request for copies of W-4 forms for certain providers. If 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
3. The amount of 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.

4. 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.

## Information Regarding W-5 forms “Earned Income Credit Advance”

The EIC is a tax credit for certain low-income workers. It reduces the tax the worker owes. When the worker files their income tax returns for the year, the EIC may even result in giving the worker a refund/payment above the amount that was withheld. The **Advance** EIC enables HCW's who qualify to start getting part of the credit (an advance) with their pay now, instead of waiting until they file their 2005 tax return in 2006.

If you are contacted by a Homecare Worker requesting an EIC monthly payment, instruct them to provide a completed W-5 form to the local office. DHS will not be providing W-5 forms or additional information on the Earned Income Credit Advance. If a completed form is turned in to the local SPD/AAA office, the local office will need to enter the information in Oregon ACCESS.

1. The W-5 is effective for one year only. Eligible employees must file a new W-5 form each year. The W-5 form should also be retained in the provider file for four years.
2. You should consider a Form W-5 invalid if an employee has made an oral or written statement that clearly shows the Form W-5 to be false.
3. You are not required to determine if a completed and signed Form W-5 is correct.

# Form W-4 (2005)

**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 2005 expires February 16, 2006. See Pub. 505, Tax Withholding and Estimated Tax.

**Note.** You cannot claim exemption from withholding if (a) your income exceeds \$800 and includes more than \$250 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 2005. See Pub. 919, especially if your earnings exceed \$125,000 (Single) or \$175,000 (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 \$54,000 (\$79,000 if married), enter "2" for each eligible child.  
 • If your total income will be between \$54,000 and \$84,000 (\$79,000 and \$119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have four 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 \$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. 1545-0010
Department of the Treasury Internal Revenue Service		► <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.</b>		<b>2005</b>
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 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 2005, 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 <b>no tax liability and</b> • This year I expect a refund of all federal income tax withheld because I expect to have <b>no tax liability</b> . 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)

