

SECTION 747: EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE,
FORM W-4 AND EMPLOYEE'S WITHHOLDING EXEMPTION
AND STATUS CERTIFICATE, FORM HW-4

1. Purpose. FORMS W-4 (Federal) and HW-4 (State) are used for the reporting of tax exemptions for newly hired employees and for the reporting of increased or decreased exemptions for employees previously reported. These exemptions are then recorded on the payroll change schedule which is used as input document to determine the amount of income taxes to be withheld from an employee's earnings for each payroll period. If an employee fails to report his exemption status, the income taxes withheld from his earnings are computed as if he were single and had claimed no withholding exemptions.
2. Prepared By. The employee prepares one copy.
3. Frequency. As required.
4. Distribution. Filed in the employee's departmental personnel record.

STATE OF HAWAII

Accounting Manual

Volume III: Payroll Expenditures

Part 700: Appendix - Instructions and Related Sample Forms

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SECTION 747: EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE,
FORM W-4 AND EMPLOYEE'S WITHHOLDING EXEMPTION
AND STATUS CERTIFICATE, FORM HW-4

ITEM NO.	DATA AND DATA INSTRUCTIONS
	<p>Note: Instructions are printed on each of the forms. The employee should refer to these instructions when preparing the forms. Instructions on this page apply only to those areas where special information is required in the State payroll system.</p>
①	<p>NAME - Enter employee's name in the following sequence: Last name, first name, middle initial. The name must be identical with the name reflected on the PAYROLL REGISTER, if the employee is established on the PAYROLL MASTER FILE. A comma must be placed between the last name and the first name.</p>
②	<p>SOCIAL SECURITY NUMBER - Enter employee's social security number.</p>
③	<p>ADDRESS - Enter the home address, city, and zip code.</p>
④	<p>MARITAL STATUS - Enter employee's marital status. (Note: Married taxpayers may elect to withhold at higher Single rate.)</p>
⑤	<p>TOTAL NUMBER OF ALLOWANCES - Enter the total number of exemptions claimed.</p> <p>This block may be used for the following purposes:</p> <p>a. For employees desiring additional withholding of taxes in excess of zero exemptions, enclose in brackets the additional exemptions in this block. Each negative exemption will result in the additional withholding of \$10.00 Federal income taxes and \$4.00 State income taxes each month.</p> <p>b. For employees who are exempt from Federal and State withholding taxes, enter "99" in the block on FORMS W-4 and HW-4.</p>
⑥	<p>ADDITIONAL AMOUNT - This item should not be used. The additional withholding of taxes is considered in Item ⑤, above.</p>
⑦	<p>EXEMPTION FROM WITHHOLDING - For employees who are claiming exempt from Federal withholding taxes, complete this item on Form W-4.</p>
⑧	<p><input type="checkbox"/> YES <input type="checkbox"/> NO - If claiming exempt (Item ⑦), complete this item on Form W-4.</p>

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EXHIBIT A: SAMPLE FORM KEYED TO INSTRUCTIONS FOR FORM W-4
(Front)

Form W-4 (Rev. January 1982)	Department of the Treasury—Internal Revenue Service Employee's Withholding Allowance Certificate	OMB No. 1545-0010 Expires 4-30-83
1 Type or print your full name (1)		2 Your social security number (2)
Home address (number and street or rural route) (3)		4 Marital Status (4) <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		5 Total number of allowances you are claiming (from line F of the worksheet on page 2) (5)
6 Additional amount, if any, you want deducted from each pay (6)		\$ (7)
6 I claim exemption from withholding because (see instructions and check boxes below that apply): <ul style="list-style-type: none"> a <input type="checkbox"/> Last year I did not owe any Federal income tax and had a right to a full refund of ALL income tax withheld, AND b <input type="checkbox"/> This year I do not expect to owe any Federal income tax and expect to have a right to a full refund of ALL income tax withheld. If both a and b apply, enter "EXEMPT" here (7) c If you entered "EXEMPT" on line 6b, are you a full-time student? (8) <input type="checkbox"/> Yes <input type="checkbox"/> No 		
<small>Under the penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or if claiming exemption from withholding, that I am entitled to claim the exempt status.</small>		
Employee's signature Date		19
7 Employer's name and address (including ZIP code) (FOR EMPLOYER'S USE ONLY)		8 Office code 9 Employer identification number

----- Detach along this line -----

▲ Give the top part of this form to your employer; keep the lower part for your records and information. ▲

Get Publication 505 from most IRS offices for more information.

Purpose

The law requires that you complete Form W-4 so that your employer can withhold Federal income tax from your pay. Your Form W-4 remains in effect until you change it or, if you entered "EXEMPT" on line 6b above, until February 15 of next year. By correctly completing this form, you can fit the amount of tax withheld from your wages to your tax liability.

Introduction

If you got a large refund last year, you may be having too much tax withheld. If so, you may want to increase the number of your allowances on line 4 by claiming any other allowances you are entitled to. The kinds of allowances, and how to figure them, are explained in detail below.

If you owed a large amount of tax last year, you may not be having enough tax withheld. If so, you can claim fewer allowances on line 4, or ask that an additional amount be withheld on line 5, or both.

If the number of withholding allowances you are entitled to claim decreases to less than you are now claiming, you must file a new W-4 with your employer within 10 days.

The instructions below explain how to fill in Form W-4. Publication 505 contains more information on withholding. You can get it from most IRS offices.

For more information about who qualifies as your dependent, what deductions you can take, and what tax credits you qualify for, see the Form 1040 Instructions or call any IRS office.

Line-By-Line Instructions

Fill in the identifying information in boxes 1 and 2. If you are married and want tax withheld at the regular rate for married persons, check "Married" in box 3. If you are married and want tax withheld at the higher Single rate (because both you and your spouse work, for example), check the box "Married, but withhold at higher Single rate" in box 3.

Line 4 of Form W-4

Total number of allowances.—Use the worksheet on page 2 to figure your allowances. Add the number of allowances for

each category explained below. Enter the total on line 4.

If you are single and hold more than one job, you may not claim the same allowances with more than one employer at the same time. If you are married and both you and your spouse are employed, you may not both claim the same allowances with both of your employers at the same time. To have the highest amount of tax withheld, claim "0" allowances on line 4.

A. Personal allowances.—You can claim the following personal allowances:
 1 for yourself, 1 if you are 65 or older, and 1 if you are blind.

If you are married and your spouse either does not work or is not claiming his or her allowances on a separate Form W-4, you may also claim the following allowances: 1 for your spouse, 1 if your spouse is 65 or older, and 1 if your spouse is blind.

B. Special withholding allowance.—Claim the special withholding allowance only if you are single and have one job or you are married, have one job, and your spouse does not work. Use this special withholding allowance only to figure your withholding. Do not claim it when you file your tax return.

C. Allowances for dependents.—You may claim one allowance for each dependent you will be able to claim on your Federal income tax return.

D. Allowances for estimated tax credits.—If you expect to take the credits (such as child care, residential energy, etc.) shown on lines 38 through 46 on the 1981 Form 1040, use the table on the top of page 2 to figure the number of additional allowances you can claim. Include the earned income credit if you are not receiving advance payment of it. Also, if you expect to income average, include the amount of the reduction in tax attributable to averaging when using the table.

E. Allowances for estimated deductions.—If you expect to itemize deductions, you can claim additional withholding allowances. See Schedule A (Form 1040) to find out what deductions you can itemize.

You can also count deductible amounts you pay for (1) alimony (2) qualified retirement contributions (3) moving expenses (4) employee business expenses (Part I of Form 2106) as well as (5) the deduction for two-earner married couples, and (6) net losses shown on Schedules C, D, E, and F (Form 1040). Note: Check with your employer to see if any tax is being withheld on moving expenses or IRA contributions the employer is paying. Do not include these amounts if tax is not being withheld; otherwise, you may be underwithheld. For more details see Publication 505.

The deduction allowed two-earner married couples is 5% of the lesser of \$30,000 or the qualified earned income of the spouse with the lower income. Once you have determined these deductions, enter the total on line E1 of the worksheet on page 2 and figure the number of withholding allowances for them.

Line 5 of Form W-4

Additional amount, if any, you want deducted from each pay.—If you are not having enough tax withheld from your pay, you may ask your employer to withhold more by filling in an additional amount on line 5. Often married couples, both of whom are working, and persons with two or more jobs, need to have additional tax withheld. You may also need to have additional tax withheld because you have income other than wages, such as interest and dividends, capital gains, rents, alimony received, etc. Estimate the amount you will be underwithheld and divide that amount by the number of pay periods in the year. Enter the additional amount you want withheld each pay period on line 5.

For Privacy Act and Paperwork Reduction Act Notice, see back of this page. Form W-4 (Rev. 1-82)

EXHIBIT A: SAMPLE FORM KEYED TO INSTRUCTIONS FOR FORM W-4

(Back)

Page 2

Form W-4 (Rev. 1-82)

Line 6 of Form W-4

Exemption from withholding.—You can claim exemption from withholding only if last year you did not owe any Federal income tax and had a right to a refund of all income tax withheld, and this year you do not expect to owe any Federal income tax and expect to have a right to a refund of all income tax withheld. If you qualify, check boxes 6a and b, write "EXEMPT" on line 6b and answer Yes or No to the question on line 6c.

If you want to claim exemption from withholding next year, you must file a new Form W-4 with your employer on or before February 15 of next year. If you are not having Federal income tax withheld this year, but expect to have a tax liability next year, the law requires you to give your employer a new Form W-4 by December 1 of this year.

If you are covered by the Federal Insurance Contributions Act, your employer must withhold social security tax.

A fine of \$500 may be charged if you file a Form W-4 which decreases the tax withheld with no reasonable basis at the time for the decrease. In addition, criminal penalties apply for willfully supplying false or fraudulent information or failing to supply information requiring an increase in withholding.

Your employer must send to IRS any Form W-4 claiming more than 14 withholding allowances or claiming exemption from withholding if the wages are expected to usually exceed \$200 a week.

Privacy Act and Paperwork Reduction Act Notice.—If you do not give your employer a certificate, you will be treated as a single person with no withholding allowances as required by Internal Revenue Code sections 3402(i) and 3401(e).

We ask for this information to carry out the Internal Revenue laws of the United States. We may give the information to the Department of Justice for civil or criminal litigation and to the States and the District of Columbia for use in administering their tax laws.

Table for Figuring Your Withholding Allowances For Estimated Tax Credits and Income Averaging

Estimated Salaries and Wages from all Sources	Single Employees		Head of Household Employees		Married Employees (When Spouse not Employed)		Married Employees (When Both Spouses are Employed)	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Under \$10,000	\$ 100	\$160	\$ 20	\$160	\$ 75	\$ 80	\$ 105	\$ 65
10,000-15,000	140	175	50	175	85	150	295	75
15,001-20,000	155	240	0	240	110	180	410	150
20,001-25,000	160	310	0	310	115	220	605	165
25,001-30,000	165	355	0	355	150	245	885	180
30,001-35,000	260	370	0	370	150	290	1,230	200
35,001-40,000	530	370	0	370	165	330	1,605	225
40,001-45,000	915	370	0	370	280	370	2,175	245
45,001-50,000	1,555	370	365	370	380	370	2,665	245
50,001-55,000	2,205	370	965	370	690	370	3,195	275
55,001-60,000	2,855	370	1,565	370	1,040	370	3,735	280
Over 60,000	4,415	370	3,085	370	2,230	370	5,315	370

Worksheet to Figure Your Withholding Allowances to be Entered on Line 4 of Form W-4

A Personal allowances									
B Special withholding allowance (not to exceed 1 allowance—see instructions on page 1)									
C Allowances for dependents									
D Allowances for estimated tax credits and income averaging: (use table above for figuring withholding allowances)									
1 Enter estimated tax credits and estimated tax reduction from income averaging									
2 Enter the column (A) amount for your salary range and filing status (single, etc.)									
3 Subtract line 2 from line 1 (If zero or less, do not complete lines 4 and 5)									
4 Find the column (B) amount for your salary range and filing status									
5 Divide line 3 by line 4. Increase any fraction to the next whole number. This is the maximum number of withholding allowances for estimated tax credits and income averaging. Enter here									
Example: A taxpayer who expects to file a Federal income tax return as a single person estimates annual wages of \$12,000 and tax credits of \$650. The \$12,000 falls in the wage bracket of \$10,000 to \$15,000. The value in column (A) is 140. Subtracting this from the estimated credits of 650 leaves 510. The value in column (B) is 175. Dividing 510 by 175 gives 2.9. Since any fraction is increased to the next whole number, show 3 on line D.									
E Allowances for estimated deductions:									
1 Enter the total amount of your estimated itemized deductions, alimony payments, qualified retirement contributions, deduction for two-earner married couples, business losses, moving expenses, and employee business expenses for the year									
2 If you do not plan to itemize deductions, enter \$500 on line E2. If you plan to itemize, find your total estimated salaries and wages amount in the left column of the table below. (Include salaries and wages of both spouses.) Read across to the right and enter the amount from the column that applies to you. Enter that amount on line E2.									
Estimated salaries and wages from all sources:	Single and Head of Household Employees (only one job)	Married Employees (one spouse working and one job only)	Employees with more than one job or Married Employees with both spouses working						
Under \$10,000	\$2,800	\$3,900	\$3,900						
10,000-30,000	2,800	3,900	5,600						
30,001-40,000	3,300	3,900	7,700						
Over \$40,000	13% of estimated salaries and wages	10% of estimated salaries and wages	21% of estimated salaries and wages						
3 Subtract line E2 from line E1 (But not less than zero)									
4 Divide the amount on line E3 by \$1,000 (increase any fraction to the next whole number). Enter here									
F Total (add lines A through E). Enter total here and on line 4 of Form W-4									

* U.S. GOVERNMENT PRINTING OFFICE: 1981-O-349-226

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EXHIBIT B: SAMPLE FORM KEYED TO INSTRUCTIONS FOR FORM HW-4

State of Hawaii — Department of Taxation

FORM HW-4
(REV. 1981)

EMPLOYEE'S WITHHOLDING EXEMPTION AND STATUS CERTIFICATE

Type or print your name _____ Social Security No. _____

LAST NAME FIRST NAME MIDDLE INITIAL

Type or print home address _____ City _____ State _____ Zip Code _____

EMPLOYEE: File this form with your employer. Otherwise Employer must withhold tax from your wages without exemption and treat you as a single person.

EMPLOYER: Keep this certificate with your records. If the employee is believed to have claimed too many exemptions or misstated employee's marital status, the Tax Collector shall be advised.

Marital status: Single Married Married, but withhold at higher Single rate
 Note: If married, but legally separated, or spouse is a nonresident, check the single block.

WITHHOLDING EXEMPTIONS

1. If SINGLE, and you claim an exemption, write the figure "1" _____

2. If MARRIED, one exemption each for husband and wife if not claimed on another certificate.
 (a) If you claim both of these exemptions, write the figure "2" _____
 (b) If you claim one of these exemptions, write the figure "1" _____
 (c) If you claim neither of these exemptions, write "0" _____

3. Exemptions for age (applicable only to you and your wife but not to dependents):
 If you or your wife will be 65 years of age or older at the end of the year, and you claim this exemption, write the figure "1"; if both will be 65 or older, and you claim both of these exemptions, write the figure "2" _____

4. If you claim exemptions for one or more dependents, write the number of such exemptions.
 (See Instruction 4 below.) _____

5. Total number of allowances for estimated itemized deduction. (See Instruction 5) _____

6. Add the number of exemptions which you have claimed above and enter the total _____

7. Additional withholding per pay period under agreement with employer. (See Instruction 2.) _____

\$ _____

I CERTIFY that I have correctly indicated my marital status and that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled.

(Date) _____, 19____ (Signed) _____

Detach along this line

INSTRUCTIONS

1. **MARITAL STATUS**—Do not state that you are married if you are legally separated from your spouse under a decree of divorce or of separate maintenance.

2. **NUMBER OF EXEMPTIONS**—Do not claim more than the correct number of exemptions. However, if you expect to owe more income tax for the year than will be withheld in spite of claiming each exemption to which you are entitled, you may increase the withholding by claiming a lesser number of exemptions or by entering into an agreement with your employer to withhold an additional amount.

3. **CHANGES IN MARITAL STATUS OR EXEMPTIONS**—You may file a new certificate at any time if there is a change in your marital status or in the number of exemptions.

You MUST file a new certificate within 10 days if any of the following occurs:

(a) If you are divorced or legally separated.

(b) If your wife(or husband), for whom you have been claiming exemption, commences claiming her(or his) own exemption on a separate certificate.

(c) If the support of a dependent for whom you claimed exemption is taken over by someone else, so that you no longer expect to furnish more than half the support for the year.

(d) If you find that a dependent for whom you claimed exemption will receive \$1,000, or more, of dependent's income during the year (exempt your child who is a student or who is under 19 years of age).

YOU MUST file a new certificate on or before December 1 in case of the death of your wife(or husband) or the death of a dependent, unless such event occurs in December.

For further information about changes in exemption status resulting from marriage, divorce, legal separation, birth, death, new dependents, multiple-support agreements, old age, blindness, etc., consult your local TAX COLLECTOR or your employer.

4. **DEPENDENTS**—Use same qualifications as for Federal Withholding.

5. **ALLOWANCE FOR ESTIMATED ITEMIZED DEDUCTIONS**—If you expect to itemize your deductions, you may want to claim additional withholding allowance so you will have less tax withheld.

See Schedule A (Form N-12) to find out what deductions you can take and estimate the amount of your deductions.

WORKSHEET TO FIGURE YOUR ALLOWANCE FOR ESTIMATED ITEMIZED DEDUCTIONS TO BE ENTERED ON LINE 5 OF FORM HW-4

1. Enter the amount of your estimated itemized deductions for the year \$ _____

2. Enter 10% of your estimated wages for the year, \$ _____

3. Subtract line 2 from line 1 \$ _____

4. Divide the amount on line 3 by \$1,000 (Round off fractions to nearest whole number) enter here and on line 5 _____

6. **PENALTIES**—Penalties are imposed for willfully supplying false or fraudulent information or for willfully failing to supply information.

NOTE: Hawaii does not have the same provisions as the Federal Government regarding allowances for special withholding, estimated tax credits, and alimony.

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EXHIBIT C: FILLED OUT SAMPLE OF FORM W-4

(Front)

Form W-4 (Rev. January 1982)	Department of the Treasury—Internal Revenue Service Employee's Withholding Allowance Certificate	OMB No. 1545-0010 Expires 4-30-83
1 Type or print your full name JONES, John P.		2 Your social security number 575-21-9472
Home address (number and street or rural route) 1020 5th Avenue City or town, State, and ZIP code Honolulu, HI 96816		3 Marital Status <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.
4 Total number of allowances you are claiming (from line F of the worksheet on page 2)		2
5 Additional amount, if any, you want deducted from each pay		\$
6 I claim exemption from withholding because (see instructions and check boxes below that apply): a <input type="checkbox"/> Last year I did not owe any Federal income tax and had a right to a full refund of ALL income tax withheld, AND b <input type="checkbox"/> This year I do not expect to owe any Federal income tax and expect to have a right to a full refund of ALL income tax withheld. If both a and b apply, enter "EXEMPT" here c If you entered "EXEMPT" on line 6b, are you a full-time student? <input type="checkbox"/> Yes <input type="checkbox"/> No		[Hatched box for exemption amount]
Under the penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or if claiming exemption from withholding, that I am entitled to claim the exempt status.		
Employee's signature <i>John P. Jones</i> Date November 1, 1981		
7 Employer's name and address (including ZIP code) (FOR EMPLOYER'S USE ONLY) Department of Accounting & General Services P. O. Box 119 Honolulu, HI 96810		8 Office code 99-6091081
		9 Employer identification number 99-6091081

Detach along this line

▲ Give the top part of this form to your employer; keep the lower part for your records and information. ▲
Get Publication 505 from most IRS offices for more information.

Purpose

The law requires that you complete Form W-4 so that your employer can withhold Federal income tax from your pay. Your Form W-4 remains in effect until you change it or, if you entered "EXEMPT" on line 6b above, until February 15 of next year. By correctly completing this form, you can fit the amount of tax withheld from your wages to your tax liability.

Introduction

If you got a large refund last year, you may be having too much tax withheld. If so, you may want to increase the number of your allowances on line 4 by claiming any other allowances you are entitled to. The kinds of allowances, and how to figure them, are explained in detail below.

If you owed a large amount of tax last year, you may not be having enough tax withheld. If so, you can claim fewer allowances on line 4, or ask that an additional amount be withheld on line 5, or both.

If the number of withholding allowances you are entitled to claim decreases to less than you are now claiming, you must file a new W-4 with your employer within 10 days.

The instructions below explain how to fill in Form W-4. Publication 505 contains more information on withholding. You can get it from most IRS offices. For more information about who qualifies as your dependent, what deductions you can take, and what tax credits you qualify for, see the Form 1040 instructions or call any IRS office.

Line-By-Line Instructions

Fill in the identifying information in boxes 1 and 2. If you are married and want tax withheld at the regular rate for married persons, check "Married" in box 3. If you are married and want tax withheld at the higher Single rate (because both you and your spouse work, for example), check the box "Married, but withhold at higher Single rate" in box 3.

Line 4 of Form W-4

Total number of allowances.—Use the worksheet on page 2 to figure your allowances. Add the number of allowances for

each category explained below. Enter the total on line 4.

If you are single and hold more than one job, you may not claim the same allowances with more than one employer at the same time. If you are married and both you and your spouse are employed, you may not both claim the same allowances with both of your employers at the same time. To have the highest amount of tax withheld, claim "0" allowances on line 4.

A. Personal allowances.—You can claim the following personal allowances:
 1 for yourself, 1 if you are 65 or older, and 1 if you are blind.

If you are married and your spouse either does not work or is not claiming his or her allowances on a separate Form W-4, you may also claim the following allowances: 1 for your spouse, 1 if your spouse is 65 or older, and 1 if your spouse is blind.

B. Special withholding allowance.—Claim the special withholding allowance only if you are single and have one job or you are married, have one job, and your spouse does not work. Use this special withholding allowance only to figure your withholding. Do not claim it when you file your tax return.

C. Allowances for dependents.—You may claim one allowance for each dependent you will be able to claim on your Federal income tax return.

D. Allowances for estimated tax credits.—If you expect to take the credits (such as child care, residential energy, etc.) shown on lines 38 through 46 on the 1981 Form 1040, use the table on the top of page 2 to figure the number of additional allowances you can claim. Include the earned income credit if you are not receiving advance payment of it. Also, if you expect to income average, include the amount of the reduction in tax attributable to averaging when using the table.

E. Allowances for estimated deductions.—If you expect to itemize deductions, you can claim additional withholding allowances. See Schedule A (Form 1040) to find out what deductions you can itemize.

You can also count deductible amounts you pay for (1) alimony (2) qualified retirement contributions (3) moving expenses (4) employee business expenses (Part I of Form 2106) as well as (5) the deduction for two-earner married couples, and (6) net losses shown on Schedules C, D, E, and F (Form 1040). Note: Check with your employer to see if any tax is being withheld on moving expenses or IRA contributions the employer is paying. Do not include these amounts if tax is not being withheld; otherwise, you may be underwithheld. For more details see Publication 505.

The deduction allowed two-earner married couples is 5% of the lesser of \$30,000 or the qualified earned income of the spouse with the lower income. Once you have determined these deductions, enter the total on line E1 of the worksheet on page 2 and figure the number of withholding allowances for them.

Line 5 of Form W-4

Additional amount, if any, you want deducted from each pay.—If you are not having enough tax withheld from your pay, you may ask your employer to withhold more by filling in an additional amount on line 5. Often married couples, both of whom are working, and persons with two or more jobs, need to have additional tax withheld. You may also need to have additional tax withheld because you have income other than wages, such as interest and dividends, capital gains, rents, alimony received, etc. Estimate the amount you will be underwithheld and divide that amount by the number of pay periods in the year. Enter the additional amount you want withheld each pay period on line 5.

Line 5 of Form W-4

Additional amount, if any, you want deducted from each pay.—If you are not having enough tax withheld from your pay, you may ask your employer to withhold more by filling in an additional amount on line 5. Often married couples, both of whom are working, and persons with two or more jobs, need to have additional tax withheld. You may also need to have additional tax withheld because you have income other than wages, such as interest and dividends, capital gains, rents, alimony received, etc. Estimate the amount you will be underwithheld and divide that amount by the number of pay periods in the year. Enter the additional amount you want withheld each pay period on line 5.

For Privacy Act and Paperwork Reduction Act Notice, see back of this page. Form W-4 (Rev. 1-82)

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EXHIBIT C: FILLED OUT SAMPLE OF FORM W-4

(Back)

Form W-4 (Rev. 1-82) Page 2

Line 6 of Form W-4

Exemption from withholding.—You can claim exemption from withholding only if last year you did not owe any Federal income tax and had a right to a refund of all income tax withheld, and this year you do not expect to owe any Federal income tax and expect to have a right to a refund of all income tax withheld. If you qualify, check boxes 6a and b, write "EXEMPT" on line 6b and answer Yes or No to the question on line 6c.

If you want to claim exemption from withholding next year, you must file a new Form W-4 with your employer on or before February 15 of next year. If you are not having Federal income tax withheld this year, but expect to have a tax liability next year, the law requires you to give your employer a new Form W-4 by December 1 of this year.

If you are covered by the Federal Insurance Contributions Act, your employer must withhold social security tax.

A fine of \$500 may be charged if you file a Form W-4 which decreases the tax withheld with no reasonable basis at the time for the decrease. In addition, criminal penalties apply for willfully supplying false or fraudulent information or failing to supply information requiring an increase in withholding.

Your employer must send to IRS any Form W-4 claiming more than 14 withholding allowances or claiming exemption from withholding if the wages are expected to usually exceed \$200 a week.

Privacy Act and Paperwork Reduction Act Notice.—If you do not give your employer a certificate, you will be treated as a single person with no withholding allowances as required by Internal Revenue Code sections 3402(l) and 3401(e).

We ask for this information to carry out the Internal Revenue laws of the United States. We may give the information to the Department of Justice for civil or criminal litigation and to the States and the District of Columbia for use in administering their tax laws.

Table for Figuring Your Withholding Allowances For Estimated Tax Credits and Income Averaging

Estimated Salaries and Wages from all Sources	Single Employees		Head of Household Employees		Married Employees (When Spouse not Employed)		Married Employees (When Both Spouses are Employed)	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Under \$10,000	\$ 100	\$160	\$ 20	\$160	\$ 75	\$ 80	\$ 105	\$ 65
10,000-15,000	140	175	50	175	85	150	295	75
15,001-20,000	155	240	0	240	110	180	410	150
20,001-25,000	160	310	0	310	115	220	605	165
25,001-30,000	165	355	0	355	150	245	885	180
30,001-35,000	260	370	0	370	150	290	1,230	200
35,001-40,000	530	370	0	370	165	330	1,605	225
40,001-45,000	915	370	0	370	280	370	2,175	245
45,001-50,000	1,555	370	365	370	380	370	2,665	245
50,001-55,000	2,205	370	965	370	690	370	3,195	275
55,001-60,000	2,855	370	1,565	370	1,040	370	3,735	280
Over 60,000	4,415	370	3,085	370	2,230	370	5,315	370

Worksheet to Figure Your Withholding Allowances to be Entered on Line 4 of Form W-4

A Personal allowances ▶ **A** 2

B Special withholding allowance (not to exceed 1 allowance—see instructions on page 1) ▶ **B**

C Allowances for dependents ▶ **C**

D Allowances for estimated tax credits and income averaging: (use table above for figuring withholding allowances)

1 Enter estimated tax credits and estimated tax reduction from income averaging ▶ \$

2 Enter the column (A) amount for your salary range and filing status (single, etc.) ▶ \$

3 Subtract line 2 from line 1 (If zero or less, do not complete lines 4 and 5) ▶ \$

4 Find the column (B) amount for your salary range and filing status ▶ \$

5 Divide line 3 by line 4. Increase any fraction to the next whole number. This is the maximum number of withholding allowances for estimated tax credits and income averaging. Enter here ▶ **D**

Example: A taxpayer who expects to file a Federal income tax return as a single person estimates annual wages of \$12,000 and tax credits of \$650. The \$12,000 falls in the wage bracket of \$10,000 to \$15,000. The value in column (A) is 140. Subtracting this from the estimated credits of 650 leaves 510. The value in column (B) is 175. Dividing 510 by 175 gives 2.9. Since any fraction is increased to the next whole number, show 3 on line D.

E Allowances for estimated deductions:

1 Enter the total amount of your estimated itemized deductions, alimony payments, qualified retirement contributions, deduction for two-earner married couples, business losses, moving expenses, and employee business expenses for the year ▶ **1** \$

2 If you do not plan to itemize deductions, enter \$500 on line E2. If you plan to itemize, find your total estimated salaries and wages amount in the left column of the table below. (Include salaries and wages of both spouses.) Read across to the right and enter the amount from the column that applies to you. Enter that amount on line E2. ▶ **2** \$

Estimated salaries and wages from all sources:	Single and Head of Household Employees (only one job)	Married Employees (one spouse working and one job only)	Employees with more than one job or Married Employees with both spouses working
Under \$10,000	\$2,800	\$3,900	\$3,900
10,000-30,000	2,800	3,900	5,600
30,001-40,000	3,300	3,900	7,700
Over \$40,000	13% of estimated salaries and wages	10% of estimated salaries and wages	21% of estimated salaries and wages

3 Subtract line E2 from line E1 (But not less than zero) ▶ **3** \$

4 Divide the amount on line E3 by \$1,000 (increase any fraction to the next whole number). Enter here ▶ **E**

F Total (add lines A through E). Enter total here and on line 4 of Form W-4 ▶ **F** 2

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STATE OF HAWAII

Accounting Manual

Volume III: Payroll Expenditures

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EXHIBIT D: FILLED OUT SAMPLE OF FORM HW-4

FORM
HW-4
(REV. 1981)

State of Hawaii — Department of Taxation
EMPLOYEE'S WITHHOLDING EXEMPTION AND STATUS CERTIFICATE

Type or print your name JONES John P. Social Security No. 575-21-9472
LAST NAME FIRST NAME MIDDLE INITIAL

Type or print home address 1020 5th Avenue City Honolulu State HI Zip Code 96816

EMPLOYEE: Marital status: Single Married Married, but withhold at higher Single rate
File this form with your employer. Otherwise Employer must withhold tax from your wages without exemption and treat you as a single person. Note: If married, but legally separated, or spouse is a nonresident, check the single block.

EMPLOYER: Keep this certificate with your records. If the employee is believed to have claimed too many exemptions or misstated employee's marital status, the Tax Collector shall be advised.

WITHHOLDING EXEMPTIONS

1. If SINGLE, and you claim an exemption, write the figure "1"	_____
2. If MARRIED, one exemption each for husband and wife if not claimed on another certificate. (a) If you claim both of these exemptions, write the figure "2" (b) If you claim one of these exemptions, write the figure "1" (c) If you claim neither of these exemptions, write "0"	_____ <u>2</u> _____
3. Exemptions for age (applicable only to you and your wife but not to dependents): If you or your wife will be 65 years of age or older at the end of the year, and you claim this exemption, write the figure "1"; if both will be 65 or older, and you claim both of these exemptions, write the figure "2"	_____
4. If you claim exemptions for one or more dependents, write the number of such exemptions. (See Instruction 4 below.)	_____ <u>1</u> _____
5. Total number of allowances for estimated itemized deduction. (See Instruction 5)	_____
6. Add the number of exemptions which you have claimed above and enter the total	_____ <u>3</u> _____
7. Additional withholding per pay period under agreement with employer. (See Instruction 2.)	\$ _____

I CERTIFY that I have correctly indicated my marital status and that the number of withholding exemptions claimed on this certificate does not exceed the number to which I am entitled.

(Date) November 1, 19 81 (Signed) John P. Jones

Detach along this line

INSTRUCTIONS

- MARITAL STATUS**—Do not state that you are married if you are legally separated from your spouse under a decree of divorce or of separate maintenance.
- NUMBER OF EXEMPTIONS**—Do not claim more than the correct number of exemptions. However, if you expect to owe more income tax for the year than will be withheld in spite of claiming each exemption to which you are entitled, you may increase the withholding by claiming a lesser number of exemptions or by entering into an agreement with your employer to withhold an additional amount.
- CHANGES IN MARITAL STATUS OR EXEMPTIONS**—You may file a new certificate at any time if there is a change in your marital status or in the number of exemptions.
You MUST file a new certificate within 10 days if any of the following occurs:
(a) If you are divorced or legally separated.
(b) If your wife (or husband), for whom you have been claiming exemption, commences claiming her (or his) own exemption on a separate certificate.
(c) If the support of a dependent for whom you claimed exemption is taken over by someone else, so that you no longer expect to furnish more than half the support for the year.
(d) If you find that a dependent for whom you claimed exemption will receive \$1,000, or more, of dependent's income during the year (except your child who is a student or who is under 19 years of age).
YOU MUST file a new certificate on or before December 1 in case of the death of your wife (or husband) or the death of a dependent, unless such event occurs in December.
For further information about changes in exemption status resulting from marriage, divorce, legal separation, birth, death, new dependents, multiple-support agreements, old age, blindness, etc., consult your local TAX COLLECTOR or your employer.
- DEPENDENTS**—Use same qualifications as for Federal Withholding.
- ALLOWANCE FOR ESTIMATED ITEMIZED DEDUCTIONS**—If you expect to itemize your deductions, you may want to claim additional withholding allowance so you will have less tax withheld.
See Schedule A (Form N-12) to find out what deductions you can take and estimate the amount of your deductions.

WORKSHEET TO FIGURE YOUR ALLOWANCE FOR ESTIMATED ITEMIZED DEDUCTIONS TO BE ENTERED ON LINE 5 OF FORM HW-4

- Enter the amount of your estimated itemized deductions for the year \$ _____
- Enter 10% of your estimated wages for the year, or \$1,000, whichever is smaller \$ _____
- Subtract line 2 from line 1 \$ _____
- Divide the amount on line 3 by \$1,000 (Round off fractions to nearest whole number) enter here and on line 5

6. PENALTIES—Penalties are imposed for willfully supplying false or fraudulent information or for willfully failing to supply information.

NOTE: Hawaii does not have the same provisions as the Federal Government regarding allowances for special withholding, estimated tax credits, and alimony.