Access Your Potential®
Financial Literacy

Paying Taxes

A lesson on taxes for grades 9–12
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Lesson description
In this lesson, students will learn about common tax forms they may encounter as young people. These include the W-4, W-9, W-2, 1099-MISC, and 1040. The lesson begins with students getting to know a fictional character, Andre, and learning the difference between employees and freelancers or independent contractors. Students use Andre’s information to complete IRS Forms W-4 and W-9. They then explore Forms W-2 and 1099-NEC and make comparisons. The lesson concludes with students discussing options for completing their individual tax returns and obtaining assistance, as needed.

Objectives
Students will be able to:
• Complete IRS Forms W-4 and W-9.
• Explore forms and information needed to complete IRS Form 1040, including IRS Forms W-2 and 1099-NEC.
• Explain the tax implications of a person being an employee versus a freelancer or an independent contractor.

Lesson at-a-glance

<table>
<thead>
<tr>
<th>Section</th>
<th>Purpose</th>
<th>Approximate time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Introduce the presenter and the topic of the lesson</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Activity: Meet Andre</td>
<td>Students review information about a fictional teen, Andre, for whom they will complete several tax forms</td>
<td>15–20 minutes</td>
</tr>
<tr>
<td>Activity: The W-4 and W-9 forms</td>
<td>Students complete a W-4 and W-9 form for Andre</td>
<td>15–20 minutes</td>
</tr>
<tr>
<td>Activity: Tax time</td>
<td>Students review W-2 and 1099-MISC forms</td>
<td>10–15 minutes</td>
</tr>
<tr>
<td>Closing</td>
<td>Students are encouraged to approach taxes with confidence and get help, as needed</td>
<td>5–10 minutes</td>
</tr>
<tr>
<td></td>
<td>Total time</td>
<td>50–70 minutes</td>
</tr>
</tbody>
</table>
Materials: *Arrange prepared.*

- **Meet Andre** handout—one for each student
- **W-4 and W-9: form only** handout—one copy for each student
  - These forms may change over time. It is wise to check the IRS website for the most recent version of each form. Specifically, the W-4 is available at [www.irs.gov/FormW4](http://www.irs.gov/FormW4), and the W-9 is available at [www.irs.gov/FormW9](http://www.irs.gov/FormW9).
  - OPTIONAL: You may provide the entire form—with instructions—to each student. This increases the number of copies that must be made, but you can point to these as examples of directions and worksheets for students.
- **W-4 and W-9: form and instructions** handout—one copy for each facilitator
  - These forms may change over time. It is wise to check the IRS website for the most recent version of each form. Specifically, the W-4 is available at [www.irs.gov/FormW4](http://www.irs.gov/FormW4), and the W-9 is available at [www.irs.gov/FormW9](http://www.irs.gov/FormW9).
- **W-4 and W-9 handout answer key**—one copy for each facilitator
- **Andre’s tax forms** handout—one for each student
- **Current year’s Form 1040** from the Internal Revenue Service available at [http://irs.gov/Form1040](http://irs.gov/Form1040)—one copy per student
- **Current year’s Instructions for Form 1040** from the Internal Revenue Service available at [http://irs.gov/Form1040](http://irs.gov/Form1040)—one copy per facilitator
- **Paying Taxes** post assessment—one for each student (OPTIONAL)

**Background:** *Understand the topic.*

Students in high school are at the age that many are getting their first “real job.” When they begin employment, they will be asked to complete a variety of forms, including **Form W-4** from the Internal Revenue Service (IRS). Students should understand the information they will need to provide on this form and the impact that claiming extra **withholdings** can have on both their paycheck (or take-home pay) and their future tax return. As a general rule of thumb, more money being withheld leads to a lower paycheck but an increased chance of a refund later.

As more people are seeking work as **independent contractors** or freelancers, it is helpful to explore the differences between this form of work and employment. The IRS has specific guidelines governing what constitutes an employee versus an independent contractor. For the individual, the difference between the two can have a significant impact on their taxes. In particular, independent contractors are required to pay both their and the employers’ portion of **payroll taxes:** Social Security and **Medicare.**

At the beginning of each year, individuals who had earnings during the prior year, can expect to receive forms showing how much money they earned and any taxes that were withheld. Employees will receive **Form W-2**, while independent contractors will receive **Form 1099-NEC**. Some people may receive both,
depending on the work they performed. The information on these forms is used to help people prepare their tax return using **Form 1040**. Tax returns are generally due by April 15th of the year following the year in which the money was earned.

Some young people may also be required to file an income tax return due to **unearned income**, such as interest, dividends, or losses on the sale of stocks or mutual funds. There are special rules that cover these situations. Since these are less likely to be encountered, this topic is not addressed in the lesson. However, the IRS does issue guidance for minors, including Publication 929 (Tax Rules for Children and Dependents) and Form 8615 (Tax for Certain Children Who Have Unearned Income). Refer students to resources from the IRS or a tax expert for additional information.

Note: This lesson is based on tax year 2020, using information available as of February 2020. Be sure to adjust, as needed, to confirm accuracy.

**Vocabulary:** *Use grade-appropriate definitions.*

- **Federal income tax:** Taxes on income, both earned and unearned by the federal or U.S. government.
- **Form 1040:** The form used by taxpayers to file their annual income tax return with the federal government.
- **Form 1099-NEC:** The form issued by payers of non-employee compensation to independent contractors at the end of the year.
- **Form W-2:** The form an employer must send to an employee and the IRS at the end of the year. The form reports an employee’s annual wages and the amount of taxes withheld from his or her paycheck.
- **Form W-4, Employee’s Withholding Allowance Certificate:** Completed by the employee and used by the employer to determine the amount of income tax to withhold from the employee’s paycheck.
- **Form W-9, Request for Taxpayer Identification Number and Certification:** Completed by an independent contractor or business and used by the hiring company to issue tax documents once a year.
- **Gross pay:** The amount an employee earns before taxes are subtracted.
- **Head of household status:** Generally, applies for someone who is not married and has paid more than half the cost of maintaining a home for him/herself and a qualifying person.
- **Income taxes:** Taxes on income, both earned (salaries, wages, tips and commissions) and unearned (interest and dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).
- **Interest:** The profit on money that is invested, which is usually a percentage of the invested amount.
- **Internal Revenue Service (IRS):** The federal agency that collects income taxes in the United States.
- **Married filing joint status:** If you are married and both you and your spouse agree to file a joint return. (On a joint return, you report your combined income and deduct your combined allowable expenses.)
- **Medicare tax:** Used to provide medical benefits for certain people when they reach age 65.
- **Net pay:** Is the amount the employee receives after deductions (also called take-home pay).
- **Payroll taxes:** Social Security and Medicare taxes.
- **Single filing status:** If on the last day of the year, you are unmarried or legally separated from your spouse under a divorce or separate maintenance decree and you do not qualify for another filing status.
- **Social Security Number:** A unique eight-digit number issued by the federal government and used to identify an individual for tax and other purposes.
• **Social Security tax:** A tax that provides benefits for retired workers and their dependents as well as for the disabled and their dependents. Also known as the Federal Insurance Contributions Act (FICA) tax.

• **Standard deduction:** Reduces the income subject to tax and varies depending on filing status, age, blindness, and dependency.

• **Unearned income:** Income that includes interest and dividend income.

• **Withholding:** Money subtracted from an employee’s paycheck and paid to the government on their behalf by an employer.

**Delivery: Decide on the format.**

This lesson can be conducted with an entire class or in small groups. For each activity, there are several facilitation options provided. Be sure to review the options in advance and determine which one will work best given the setting, number of facilitators, etc. In some cases, the facilitation option you select will influence the number of handouts needed.

**Differentiation: Be aware of your audience.**

When conducting a lesson on taxes, it is important to consider the students and their experiences. Be prepared to acknowledge the range of experiences and backgrounds. Touch base with your classroom teacher in advance to inquire about the student population you will encounter. Below are several examples of situations you may encounter.

- Some students may have parents/guardians who will provide support with completing paperwork or filing taxes. Others may receive little to no assistance.

- Individuals may hold strong opinions about taxes—either how much is charged, what is taxed, and/or how the tax money is used. Attempt to keep the conversation neutral, and, if needed, acknowledge that opinions on these topics can vary considerably.

**Tips for PwC facilitators: Make the most of your time in the classroom.**

Before facilitating this lesson for the first time, consider the following:

- Read through the entire lesson in advance.

- Touch base with the classroom teacher to make sure you know when to arrive, the process for entering the building, the room setup, photo release protocol, and any available technology. For example:
  - Where should you park? Where should you enter the building? Will find your own way to the classroom or will someone meet you?
  - What is the room set up (individual desks, tables and chairs, etc.)? Will you have access to a whiteboard?
  - Are you allowed to take photos during the lesson? Remember, you are required to get specific written consent from parents/guardians before taking photos of minors. How will you handle the students whose parents/guardians have not given consent?
  - If you opt to use the post-assessments, should students take it using paper and pencil or online with school-provided devices? Will the teacher want to collect the assessments and forward the results, or should you collect them?
If you will be presenting with another facilitator or team, consider each person’s strengths when deciding who will lead various sections of the lessons, how students will be organized during the lessons, and who is responsible for preparing the materials.

Remember that adults in most high schools are addressed formally using their title (Mr./Mrs./Ms.). Plan to address the teacher and any of your colleagues in this manner, even if you would normally call each other by first names.

Educator insights: Adapt this lesson for your classroom.

PwC is pleased to offer these lessons for use by classroom teachers to support or augment their financial education efforts. Please recognize that the materials were designed for employees to use as facilitators when visiting a class. Therefore, some sections (such as the introduction) may be unnecessary. Feel free to adapt the materials in whatever way makes the most sense for your classroom including the optional extension activities at the end of the lesson.

Teach

Opening (5 minutes)

— Thank the teacher and introduce yourself to the class. Explain to the students that PwC is a professional services firm that is committed to providing all students with financial literacy education through its program, Access Your Potential®. In simple terms, explain what you do at PwC and how it relates to what the students will be learning during the lesson.

— Let students know that you are going to be introducing them to some of the most common tax forms and how they are used.

• Acknowledge that taxes may seem complicated. People with multiple sources of income, ownership in a business, or other circumstances can have complex tax situations. However, with some knowledge, preparation, and a little help, most students can prepare their own taxes.

Activity: Meet Andre (15–20 minutes)

Set up

• Inform students that throughout the lesson you will be using a fictitious teen by the name of Andre to help them learn about the various tax forms.

• Distribute a copy of the Meet Andre handout to each student.

Implementation

• Ask for a volunteer to read the first paragraph. Use the Meet Andre handout facilitation guide to ask questions of students.

• Request additional volunteers to read each subsequent paragraph, stopping between each one to ask questions and provide information, as directed in the facilitation guide.

Facilitation option:
If multiple facilitators are available, this activity also works well conducted with smaller groups of students. The facilitation strategy is the same but with smaller groups.
Conclusion

• Inform students that they will be using Andre's information to complete both the W-4 and W-9 forms in the next activity.

Activity: The W-4 and W-9 forms (15–20 minutes)

Set up

• Distribute a blank copy of IRS Form W-4 and W-9 to each student from the W-4 and W-9 handout.
• Ask students which one they would complete if they were hired as an employee. Confirm that students know this is the W4 form.

Implementation

• Direct students’ attention to the W-4 form. Ask them to use the information in the Meet Andre handout to complete step 1 of the W-4.
• Let students know that Andre would mark the box for Single or Married filing separately in 1(c). Share that married couples have the option to file their taxes together or separately. The Head of Household box is generally for individuals who are not married and raising one or more children.
• Tell students that steps 2 and 3 do not apply to Andre. Direct students to work in pairs to explain why this is the case.
  — Step 2: Andre is not working more than one job at a time, and he is not married.
  — Step 3: Andre has no dependents. Explain to students that dependents are people who rely on the employee for income. Examples of dependents include children and elderly family members.
• Discuss Step 4. People may choose to have their employers withhold more money than needed from their paychecks to account for taxes they may end up owing for unearned income—such money they make from investments. When extra money is withheld, a person’s paycheck or net pay (take-home pay) will be less.
• Share with students that having more money withheld than what is needed has both benefits and tradeoffs.
  — Benefits: Overpayment will likely result in a refund when the person’s taxes are filed—generally by April 15th of each year.
  — Tradeoffs: The person’s paycheck will have less money in it. The extra money that is withheld does not earn interest.
• Remind students that when Andre recorded voiceovers during the school year, he worked as an independent contractor. Instead of the W-4 form, the company asked him to complete a W-9 form, instead.
• Direct students’ attention to the top portion of the W-9 form. Ask students if Andre would complete box 1 or 2. Remind students that W-9 forms are also given to businesses. When an individual completes it, he or she only fills in his or her name. Direct students to write Andre’s complete name in box 1.
• Ask students to mark Individual in box 3. The remaining options are for businesses.
• Tell students to skip box 4 because it does not apply to individuals.
• Direct students to complete boxes 5 and 6. They can skip box 7 and the section that asks for the requester’s name and address. This would be the name and address of the company that hired Andre. It is optional, and they do not have this information.
• Explain to students that **Part II has two options.** Individuals such as Andre will provide their **Social Security Number (SSN)** while businesses will provide their **employer identification number (EIN).**

• Direct students to read Part III. Let them know that “under penalty of perjury” in the first line means that they could be punished for lying on the form (for example, using someone else’s SSN).

• Once both forms have been completed, invite students to exchange forms with the student they paired with. Explain to students that the information on the form will be read by another person or possibly scanned by a machine. Stress that it is important to use legible print when completing the forms. Ask students to clarify any words or letters they cannot read.

• Let students know that they may also be able to complete the forms electronically and print them. The forms are available on the Internal Revenue Service (IRS) website ([www.irs.gov](http://www.irs.gov)). Remind students, though, that the forms are not sent to the IRS. They are given directly to the company that has hired them.

**Conclusion**

• Challenge students to imagine that they have been hired for a job. What information should they have with them or know from memory when they are asked to complete forms such as the W-4 or W-9? Answers should include their address and social security number.

• Ask students if they know this information from memory and/or where they would go to get it.

• Remind students that their Social Security Number is something they should memorize. They should not carry their SSN with them. If they keep this information on their phone, they should make sure it is protected with a strong password.

**Activity: Tax time (15–20 minutes)**

**Set up**

• Ask students if they know **what date federal taxes are usually due each year.** Let students know that, in most cases, federal taxes must be submitted online or postmarked and in the mail by **April 15th** of each year.

**Implementation**

• Distribute a copy of **Andre’s tax forms handout** to each student.

• Tell students that people should receive paperwork from the businesses for whom they worked by the **end of January.** There are other tax forms that may come later, but the most common ones are due to individuals by January 31st of each year.

• Challenge students to **examine the forms** they received for Andre. Ask the following questions:
  — **Which forms show taxes were withheld?** Answer: Both W-2 forms
  — **What is the difference between federal income taxes, Social security taxes, and the Medicare tax?** Answer:
    - **Federal income tax:** Taxes on income, both earned and unearned by the federal or U.S. government. It is used to pay for things like the military and other government services.
    - **Social Security tax:** A tax that provides benefits for retired workers and their dependents as well as for the disabled and their dependents. Also known as the Federal Insurance Contributions Act (FICA) tax.
    - **Medicare tax:** Used to provide medical benefits for certain people when they reach age 65.
    - **Payroll taxes:** Social Security and Medicare taxes are also called payroll taxes.
— How much tax was withheld for Federal income tax by XYZ Roofing? Answer: $504.89

— Why do you think Andre has a higher wage in box 1 on his W-2 from XYZ Roofing than he does from ABC Landscaping? Answer: He worked full-time at the roofing company over the summer and part-time at the landscaping company during the spring.

— Why did Andre receive two W-2 forms? Answer: He worked as an employee for two different companies during one calendar year.

— How are the W-2 forms different from the 1099-MISC form? Answer: The 1099 shows that no taxes were withheld by A+ Recording.

Let students know that the information from these forms—along with any others that Andre might receive—would be used to prepare his taxes—using Form 1040.

Distribute a blank copy of the most recent 1040 form from IRS. Point out where wages are reported. Let students know that income reported on the 1099-NEC is reported through a Schedule C. Inform them that there are many additional forms for taxes that are used for a variety of tax situations, including people who earn money through self-employment (for example, a freelancer or independent contractor).

Indicate to students that they can provide information about their bank account (the routing and account numbers) to the IRS in order to have any refund deposited directly into their account. This is often the fastest way for individuals to receive any refund to which they might be entitled.

Show students the instruction document for completing the 1040. Let students know that it includes a variety of worksheets and other tools that help people complete their taxes on their own.

Discuss other options students have for preparing and submitting taxes, including:

— Electronic filing via the IRS: The IRS provides an online service called Free File that allows people to complete their taxes online.

— Private websites and apps: There are a number of companies who offer user-friendly websites and apps. These tend to ask people questions in order to determine which forms are needed.

— Volunteer tax preparers: In many communities, people can visit with a volunteer who will help them prepare their taxes. The most common network of these volunteers is called the Volunteer Income Tax Assistance (VITA) program. The people who volunteer for these programs must pass tests from the IRS.

— Paid tax preparers: For complex tax preparation, individuals may wish to hire an accountant or other professional to assist them.

Conclusion

— Ask students how they would tackle preparing their taxes the first time they need to do it and/or how they have done it in the past, if applicable.

— Encourage students to discuss tax preparation with their parents/guardians. Be sure to let students know that many parents are under the incorrect assumption that students should not or do not have to file taxes. There are specific rules about who must file a tax return; however, in most cases it is to a student’s benefit to file one—even if it is not required.
Closing (5–10 minutes)

- (OPTIONAL) Distribute a copy of the **Paying Taxes post assessment** to each student. Direct students to answer the questions. Inform them that they do not need to put their name on the assessment unless the teacher wishes to keep a copy for grading purposes.

- Thank students and the teacher for letting you come and talk to the class about taxes. Encourage students to be confident when approaching their taxes. While taxes can be complicated, **most people have relatively simple tax returns, and there are many resources available to assist people with preparing their taxes.**

Teacher-led follow up ideas

Bulleted list of ways the educator can extend the lesson once the facilitator leaves. Each list will include a mention of a corresponding module from the Digital Classroom, such as:

- Use the **Is This a Mistake?** module in the advanced level of the **Earn Your Future® Digital Classroom** (https://app.pwcfdnearnyourfuture.org/) to help students learn even more about income and careers. This resource made possible by the PwC Charitable Foundation, Inc., is designed for students in grades 3–12 and can be delivered in multiple formats (classroom, small group, or individually) and has accompanying educator resource guides to assist in delivery. Students can engage with financial literacy concepts through innovative self-paced modules featuring custom videos, animations, and interactive activities. A free teacher login is required to access the modules.

- Invite students to explore the IRS’s free electronic tax-filing service: **Free File**. Direct students to investigate the options for the program’s use, including who can use it and what information is needed in order to use it.

- Ask students to locate and read articles on the use of independent contractors or freelancers. Challenge students to take and defend a position for or against the rise in this type of work and worker. They should consider both the impact on individuals and businesses.

- Using the information from Andres’ tax forms, work with students to complete a 1040. Use the IRS instructions and resources to explore and discuss each section and whether or not it would apply to Andre. Note that an answer key has not been provided for this activity due to the changing nature of the 1040 form, the standard deduction, the tax tables, and more.
Connect

Standards correlation

This lesson is correlated to the National Standards for Financial Literacy from the Council for Economic Education available at [http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/](http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/). Standards are classified as primary or secondary. Primary standards are addressed directly and thoroughly. Secondary standards are addressed indirectly or partially.

<table>
<thead>
<tr>
<th>Primary</th>
<th>Earning Income:</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Taxes are paid to federal, state, and local governments to fund government goods and services and transfer payments from government to individuals. The major types of taxes are income taxes, payroll (Social Security) taxes, property taxes, and sales taxes.</td>
</tr>
<tr>
<td></td>
<td>• Income is saved, spent on goods and services, or used to pay taxes.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary</th>
<th>Earning Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Social Security is a government program that taxes the income of current workers to provide retirement, disability, and survivor benefits for workers or their dependents.</td>
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</tbody>
</table>
Meet Andre handout

Meet Andre—a 17-year old high school student. His parents encouraged him to get his first job when he was 14. He worked weekends and over the summer bagging groceries at a nearby grocery store.

Ever since then, Andre has always had some kind of job. This past spring, he worked part-time at a landscaping company. Over the summer, he worked full-time at a roofing company. While it was hard work and he was outside on very hot days, he managed to earn more money than most of his friends. Both companies had Andre complete a W-4 form. With all of the jobs he has had, he now knows his Social Security Number from memory: 078-05-1120.

Once school started again, he wanted to still make some money but also focus on his academics. His neighbor told him about a company that hired people of all ages to record voiceovers for things like commercials and animated videos. He applied and was accepted. They told him he would be considered an independent contractor and had him complete a W-9 form. He enjoyed the work—even if it wasn't a guaranteed paycheck.

When Andre is paid, the money is deposited directly into his checking account. Below is one of Andre’s voided checks. He used it to provide his bank information to one of his employers.
Paying Taxes

Meet Andre handout | Facilitation guide

Paragraph 1: Meet Andre—a 17-year old high school student. His parents encouraged him to get his first job when he was 14. He worked weekends and over the summer bagging groceries at a nearby grocery store.

- How many of you have worked before? Where? What kind of jobs did you have?
- Has anyone worked at a grocery store?
- How old were you when you got your first job?

Paragraph 2: Ever since then, Andre has always had some kind of job. This past spring, he worked part-time at a landscaping company. Over the summer, he worked full-time at a roofing company. While it was hard work and he was outside on very hot days, he managed to earn more money than most of his friends. Both companies had Andre complete a W-4 form. With all of the jobs he has had, he now knows his Social Security Number from memory: 078-05-1120.

- Does anyone know what a W-4 form is?
  — Answer: Employees complete a W-4 form when they begin working. Employers use the information on the form to determine how much money to withhold from their paychecks. The form is also called the Employee’s Withholding Certificate.

- Since Andre worked for two different companies, he should get tax information from each of them.

- If desired, share the following anecdote. Andre’s fictional Social Security Number is sometimes called the “most misused Social Security Number” because a company placed a fake Social Security Card with this number in wallets it sold in the 1930’s and 1940’s. Over time, more than 40,000 people mistakenly used this number instead of their own.¹

- Remind students that their Social Security Number should be kept private and only shared when necessary, such as with employers. Social Security cards should be kept somewhere safe and not carried in a wallet or purse.

¹Source: Social Security Administration, https://www.ssa.gov/history/ssn/misused.html
Meet Andre handout | Facilitation guide

Paragraph 3: Once school started again, he wanted to still make some money but also focus on his academics. His neighbor told him about a company that hired people of all ages to record voiceovers for things like commercials and animated videos. He applied and was accepted. They told him he would be considered an independent contractor and had him complete a W-9 form. He enjoyed the work—even if it wasn’t a guaranteed paycheck.

- Why would a company hire an independent contractor instead of an employee? Explain that businesses often use independent contractors for occasional work or very specific jobs. Other terms might be used such as freelancer or self-employed.
- Discuss the difference between an employee and an independent contractor. Use the table below as a reference.
- Let students know that a W-9 form is used by Independent Contractors, businesses, and others. It is provided to the company that hires the person or business to do work.

<table>
<thead>
<tr>
<th></th>
<th>Employee</th>
<th>Independent Contractor (I.C.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work</strong></td>
<td>The company controls how the employee does the job.</td>
<td>The independent contractor controls how the job is done.</td>
</tr>
<tr>
<td><strong>Tools and supplies</strong></td>
<td>Company provides tools and supplies, such as a computer.</td>
<td>Independent contractors provide their own supplies.</td>
</tr>
<tr>
<td><strong>Payment and benefits</strong></td>
<td>Employees may receive vacation pay, sick days, insurance, and/or retirement benefits.</td>
<td>Independent contractors receive payment for the work performed.</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>The company withholds taxes from the employee. Plus, the company pays extra taxes to the government for each employee.</td>
<td>Independent contractors are responsible for paying their own taxes, including a self-employment tax to the government. These taxes are often paid quarterly or four times a year.</td>
</tr>
</tbody>
</table>
Paying Taxes

Meet Andre handout | Facilitation guide

Paragraph 4: When Andre is paid, the money is deposited directly into his checking account. Below is one of Andre’s voided checks. He used it to provide his bank information to one of his employers.

• Ask if any students can explain how direct deposit works.
• Make sure students understand the person being paid must supply information about his or her bank account, including the routing number and account.
  — **Routing number:** A number with not more than nine digits that lets the employer or company know which financial institution (bank, credit union, etc.) the person uses.
  — **Account number:** The number for the exact checking or savings account of the person receiving the money.
• Direct students to locate and label the routing and account numbers on their handouts, as shown below.
Paying Taxes

W-4 and W-9 forms only handout

## Employee’s Withholding Certificate

**Step 1: Enter Personal Information**

<table>
<thead>
<tr>
<th>(a) First name and middle initial</th>
<th>(b) Social security number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td></td>
</tr>
<tr>
<td>City or town, state, and ZIP code</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(c) Single or Married filing separately</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly (or Qualifying widow(er))</td>
</tr>
<tr>
<td>Head of household (Check only if you’re unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual)</td>
</tr>
</tbody>
</table>

**Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5.** See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

### Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) for most accurate withholding for this step (and Steps 3–4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

**TIP:** To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

### Step 3: Claim Dependents

If your income will be $200,000 or less ($400,000 or less if married filing jointly):

- Multiply the number of qualifying children under age 17 by $2,000
- Multiply the number of other dependents by $500

Add the amounts above and enter the total here.

<table>
<thead>
<tr>
<th>$</th>
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</thead>
<tbody>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

### Step 4 (optional): Other Adjustments

(a) **Other income (not from jobs).** If you want tax withheld for other income you expect this year that won’t have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income.

(b) **Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here.

(c) **Extra withholding.** Enter any additional tax you want withheld each pay period.

<table>
<thead>
<tr>
<th>$</th>
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<tbody>
<tr>
<td>4(a)</td>
</tr>
<tr>
<td>4(b)</td>
</tr>
<tr>
<td>4(c)</td>
</tr>
</tbody>
</table>

### Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

**Employee’s signature** (This form is not valid unless you sign it.)

**Date**

**Employers Only**

Employer’s name and address

<table>
<thead>
<tr>
<th>First date of employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer identification number (EIN)</td>
</tr>
</tbody>
</table>

For Privacy Act and Paperwork Reduction Act Notice, see page 3.
Request for Taxpayer Identification Number and Certification

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

| Part I: Taxpayer Identification Number (TIN) |
| Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. |
| Business name/disregarded entity name, if different from above |
| Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. |
| Individual/sole proprietor or single-member LLC |
| C Corporation |
| S Corporation |
| Partnership |
| Trust/estate |
| Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership). |
| Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. |
| Other (see instructions). |
| Address (number, street, and apt. or suite no.) See instructions. |
| City, state, and ZIP code |
| List account number(s) here (optional) |

| Part II: Certification |
| Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later. |

| Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter. |

| Social security number |
| – – – – – – – – – – |

| Employer identification number |
| – – – – – – – – – – |

| Sign Here |
| Signature of U.S. person |
| Date |

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). To report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- **Form 1099-INT** (interest earned or paid)
Paying Taxes

W-4 and W-9 form and instruction handout

Employee’s Withholding Certificate

炝Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
炝Give Form W-4 to your employer.
炝Your withholding is subject to review by the IRS.

Step 1: Enter Personal Information

(a) First name and middle initial

(b) Last name

(c) Social security number

▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.

Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do only one of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3–4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents

If your income will be $200,000 or less ($400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by $2,000 ★ $ ________

Multiply the number of other dependents by $500 ★ $ ________

Add the amounts above and enter the total here ★ $ ________ 3

Step 4 (optional): Other Adjustments

(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won’t have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income ★ $ ________ 4(a)

(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here ★ $ ________ 4(b)

(c) Extra withholding. Enter any additional tax you want withheld each pay period ★ $ ________ 4(c)

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee’s signature (This form is not valid unless you sign it.)

Date

Employers Only

Employer’s name and address

First date of employment

Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3.

Cat. No. 10220Q

Form W-4 (2020)
General Instructions

Future Developments
For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose of Form
Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe additional tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505.

Exemption from withholding. You may claim exemption from withholding for 2020 if you meet both of the following conditions: you had no federal income tax liability in 2019 and you expect to have no federal income tax liability in 2020. You had no federal income tax liability in 2019 if (1) your total tax on line 16 on your 2019 Form 1040 or 1040-SR is zero (or less than the sum of lines 18a, 18b, and 18c), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2020 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing “Exempt” on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 16, 2021.

Your privacy. If you prefer to limit information provided in Steps 2 through 4, use the online estimator, which will also increase accuracy.

As an alternative to the estimator: if you have concerns with Step 2(c), you may choose Step 2(b); if you have concerns with Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c). If this is the only job in your household, you may instead check the box in Step 2(c), which will increase your withholding and significantly reduce your paycheck (often by thousands of dollars over the year).

When to use the estimator. Consider using the estimator at www.irs.gov/W4App if you:
1. Expect to work only part of the year;
2. Have dividend or capital gain income, or are subject to additional taxes, such as the additional Medicare tax;
3. Have self-employment income (see below); or
4. Prefer the most accurate withholding for multiple job situations.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at www.irs.gov/W4App to figure the amount to have withheld.

Nonresident alien. If you’re a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.

Option (a) most accurately calculates the additional tax you need to have withheld, while option (b) does so with a little less accuracy.

If you (and your spouse) have a total of only two jobs, you may instead check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is roughly accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.

Multiple jobs. Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.

Step 3. Step 3 of Form W-4 provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can’t be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 972, Child Tax Credit and Credit for Other Dependents. You can also include other tax credits in this step, such as education tax credits and the foreign tax credit. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn’t include income from any jobs or self-employment. If you complete Step 4(a), you likely won’t have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2020 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay each pay period, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.
### Step 2(b) — Multiple Jobs Worksheet (Keep for your records.)

If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on only ONE Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job.

**Note:** If more than one job has annual wages of more than $120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/W4App.

1. **Two jobs.** If you have two jobs or you’re married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the “Higher Paying Job” row and the “Lower Paying Job” column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, skip to line 3.  

   \[ \text{line 1 } \text{ } $ \]

2. **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise,skip to line 3.

   a. Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the “Higher Paying Job” row and the annual wages for your next highest paying job in the “Lower Paying Job” column. Find the value at the intersection of the two household salaries and enter that value on line 2a.  

   \[ \text{line 2a } \text{ } $ \]

   b. Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the “Higher Paying Job” row and use the annual wages for your third job in the “Lower Paying Job” column to find the amount from the appropriate table on page 4 and enter this amount on line 2b.  

   \[ \text{line 2b } \text{ } $ \]

   c. Add the amounts from lines 2a and 2b and enter the result on line 2c.  

   \[ \text{line 2c } \text{ } $ \]

3. Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc.  

   \[ \text{line 3 } \text{ } \]

4. Divide the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in Step 4(c) of Form W-4 for the highest paying job (along with any other additional amount you want withheld).  

   \[ \text{line 4 } \text{ } $ \]

### Step 4(b) — Deductions Worksheet (Keep for your records.)

1. Enter an estimate of your 2020 itemized deductions (from Schedule A (Form 1040 or 1040-SR)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to $10,000), and medical expenses in excess of 7.5% of your income.  

   \[ \text{line 1 } \text{ } $ \]

2. Enter:  

   a. $24,800 if you’re married filing jointly or qualifying widow(er)  

   b. $18,650 if you’re head of household  

   c. $12,400 if you’re single or married filing separately

   \[ \text{line 2 } \text{ } $ \]

3. If line 1 is greater than line 2, subtract line 2 from line 1. If line 2 is greater than line 1, enter “-0-”.  

   \[ \text{line 3 } \text{ } $ \]

4. Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040 or 1040-SR)). See Pub. 505 for more information  

   \[ \text{line 4 } \text{ } $ \]

5. Add lines 3 and 4. Enter the result here and in Step 4(b) of Form W-4.  

   \[ \text{line 5 } \text{ } $ \]
### Married Filing Jointly or Qualifying Widow(er)

<table>
<thead>
<tr>
<th>Higher Paying Job Annual Taxable Wage &amp; Salary</th>
<th>Lower Paying Job Annual Taxable Wage &amp; Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 9,999</td>
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### Single or Married Separately

<table>
<thead>
<tr>
<th>Higher Paying Job Annual Taxable Wage &amp; Salary</th>
<th>Lower Paying Job Annual Taxable Wage &amp; Salary</th>
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</thead>
<tbody>
<tr>
<td>$0 - 9,999</td>
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</table>

### Head of Household

<table>
<thead>
<tr>
<th>Higher Paying Job Annual Taxable Wage &amp; Salary</th>
<th>Lower Paying Job Annual Taxable Wage &amp; Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 9,999</td>
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</tbody>
</table>
Form W-9

Identification Number and Certification

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above.

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

   □ Individual/sole proprietor or single-member LLC
   □ C Corporation
   □ S Corporation
   □ Partnership
   □ Trust/estate
   □ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership)

   Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

   □ Other (see instructions)

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

   Exempt payee code (if any)
   Exemption from FATCA reporting code (if any)

   (Applies to accounts maintained outside the U.S.)

Print or type.

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

5 Address (number, street, and apt. or suite no.) See instructions.

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Social security number

Employer identification number

Sign Here

Signature of U.S. person

Date

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

• Form 1099-DIV (dividends, including those from stocks or mutual funds)
• Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
• Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
• Form 1099-S (proceeds from real estate transactions)
• Form 1099-K (merchant card and third party network transactions)
• Form 1098 (home mortgage interest, 1098-E (student loan interest), 1098-T (tuition)
• Form 1099-C (canceled debt)
• Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.
By signing the filled-out form, you:
1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners’ share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester’s form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:
• An individual who is a U.S. citizen or U.S. resident alien;
• A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
• An estate (other than a foreign estate); or
• A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships conducting a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners’ share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.
• In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
• In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
• In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.
1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:
1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and participate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.
**Specific Instructions**

**Line 1**
You must enter one of the following on this line; do not leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note:** ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or “doing business as” (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity’s name as shown on the entity’s tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a “disregarded entity.” See Regulations section 301.7701-1(c)(2)(iii). Enter the owner’s name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner’s name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on line 2, “Business name/disregarded entity name.” If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

**Line 2**
If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

**Line 3**
Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

<table>
<thead>
<tr>
<th>IF the entity/person on line 1 is</th>
<th>THEN check the box for . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation</td>
<td>Corporation</td>
</tr>
<tr>
<td>Individual</td>
<td>Individual/sole proprietor or single-member LLC</td>
</tr>
<tr>
<td>Sole proprietorship, or</td>
<td></td>
</tr>
<tr>
<td>Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.</td>
<td></td>
</tr>
<tr>
<td>LLC treated as a partnership for U.S. federal tax purposes,</td>
<td>Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)</td>
</tr>
<tr>
<td>LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or</td>
<td></td>
</tr>
<tr>
<td>LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.</td>
<td></td>
</tr>
<tr>
<td>Partnership</td>
<td>Partnership</td>
</tr>
<tr>
<td>Trust/estate</td>
<td>Trust/estate</td>
</tr>
</tbody>
</table>

**Line 4, Exemptions**
If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

**Exempt payee code.**
- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys’ fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
2. The United States or any of its agencies or instrumentalities
3. A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities
5. A corporation
6. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
7. A futures commission merchant registered with the Commodity Futures Trading Commission
8. A real estate investment trust
9. An entity registered at all times during the tax year under the Investment Company Act of 1940
10. A common trust fund operated by a bank under section 584(a)
11. A financial institution
12. A middleman known in the investment community as a nominee or custodian
13. A trust exempt from tax under section 664 or described in section 4947
The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

<table>
<thead>
<tr>
<th>IF the payment is for . . .</th>
<th>THEN the payment is exempt for . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend payments</td>
<td>All exempt payees except for 7</td>
</tr>
<tr>
<td>Broker transactions</td>
<td>Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.</td>
</tr>
<tr>
<td>Barter exchange transactions and patronage dividends</td>
<td>Exempt payees 1 through 4</td>
</tr>
<tr>
<td>Payments over $600 required to be reported and direct sales over $5,000</td>
<td>Generally, exempt payees 1 through 5</td>
</tr>
<tr>
<td>Payments made in settlement of payment card or third party network transactions</td>
<td>Exempt payees 1 through 4</td>
</tr>
</tbody>
</table>

1 See Form 1099-MISC, Miscellaneous Income, and its instructions.
2 However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys’ fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with your financial institution for details on what code applies under these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with “Not Applicable” (or any similar indication) written or printed on the line for a FATCA exemption code.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
- G—A real estate investment trust
- H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I—A common trust fund as defined in section 584(a)
- J—A bank as defined in section 581
- K—A broker
- L—A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

**Line 5**
Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If the address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

**Line 6**
Enter your city, state, and ZIP code.

### Part I. Taxpayer Identification Number (TIN)

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner’s SSN (or EIN, if the owner has one). Do not enter the disregarded entity’s EIN. If the LLC is classified as a corporation or partnership, enter the entity’s EIN.

**Note:** See **What Name and Number To Give the Requester**, later, for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write “Applied For” in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note:** Entering “Applied For” means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

### Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see **Exempt payee code**, earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.
1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. “Other payments” include payments made in the course of the requester’s trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

**What Name and Number To Give the Requester**

<table>
<thead>
<tr>
<th>For this type of account:</th>
<th>Give name and SSN of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Individual</td>
<td>The individual</td>
</tr>
<tr>
<td>2. Two or more individuals (joint account) other than an account maintained by an FFI</td>
<td>The actual owner of the account or, if combined funds, the first individual on the account</td>
</tr>
<tr>
<td>3. Two or more U.S. persons (joint account maintained by an FFI)</td>
<td>Each holder of the account</td>
</tr>
<tr>
<td>4. Custodial account of a minor (Uniform Gift to Minors Act)</td>
<td>The minor</td>
</tr>
<tr>
<td>5. A. The usual revocable savings trust (grantor is also trustee)</td>
<td>The grantor-trustee</td>
</tr>
<tr>
<td>6. B. So-called trust account that is not a legal or valid trust under state law</td>
<td>The actual owner</td>
</tr>
<tr>
<td>7. Sole proprietorship or disregarded entity owned by an individual</td>
<td>The owner</td>
</tr>
<tr>
<td>8. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(ii)(A))</td>
<td>The grantor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For this type of account:</th>
<th>Give name and EIN of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments</td>
<td>The public entity</td>
</tr>
<tr>
<td>15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(ii)(B))</td>
<td>The trust</td>
</tr>
</tbody>
</table>

1 List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person’s number must be furnished.

2 Circle the minor’s name and furnish the minor’s SSN.

3 You must show your individual name and you may also enter your business or DBA name on the “Business name/disregarded entity” name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

4 List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships, earlier.

*Note: The grantor also must provide a Form W-9 to trustee of trust.

**Secure Your Tax Records From Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-908-4490.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.
The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice
Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.
**Paying Taxes**

**W-4 and W-9 form and instruction handout**  
**Answer key**

---

**Employee’s Withholding Certificate**

**Form W-4**  
Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.  
Give Form W-4 to your employer.  
Your withholding is subject to review by the IRS.

<table>
<thead>
<tr>
<th>First name and middle initial</th>
<th>Last name</th>
<th>Social security number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andre X.</td>
<td>Jones</td>
<td>078-05-1120</td>
</tr>
</tbody>
</table>

**Address**  
102 Main Street  
City or town, state, and ZIP code: Anytown, ST 98765

- Single or Married filing separately  
- Married filing jointly (or Qualifying widow(er))  
- Head of household (Check only if you’re unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual)

**Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5.**  
See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

**Step 2:**

**Multiple Jobs or Spouse Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do only one of the following.

(a) Use the estimator at [www.irs.gov/W4App](http://www.irs.gov/W4App) for most accurate withholding for this step (and Steps 3–4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld.

**TIP:** To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

**Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

---

**Step 3:**

**Claim Dependents**

If your income will be $200,000 or less ($400,000 or less if married filing jointly):

- Multiply the number of qualifying children under age 17 by $2,000
- Multiply the number of other dependents by $500

**Step 4 (optional): Other Adjustments**

(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won’t have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income.

(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here.

(c) Extra withholding. Enter any additional tax you want withheld each pay period.

---

**Step 5:**

**Sign Here**

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee’s signature (This form is not valid unless you sign it.)

Date

**Employers Only**

Employee’s name and address  
First date of employment  
Employer identification number (EIN)

---

Access Your Potential® Financial Literacy

30  Paying Taxes
Paying Taxes

W-4 and W-9 form and instruction handout | Answer key

**Part I  Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see how to get a TIN, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

**Part II  Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1092-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN. If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.
### Paying Taxes

#### Andre's tax forms handout

<table>
<thead>
<tr>
<th>b Employer identification number (EIN)</th>
<th>078-05-1120</th>
</tr>
</thead>
<tbody>
<tr>
<td>d Control number</td>
<td>12345 67890</td>
</tr>
<tr>
<td>e Employer's first name and initial</td>
<td>Andre X. Jones</td>
</tr>
<tr>
<td>e Employer's last name</td>
<td>Jones</td>
</tr>
<tr>
<td>e Employer's street</td>
<td>102 Main Street</td>
</tr>
<tr>
<td>e Employer's city/state</td>
<td>Anytown, ST 98765</td>
</tr>
<tr>
<td>f Employee's address and ZIP code</td>
<td>22-XXXXXX</td>
</tr>
</tbody>
</table>

#### W-2 Wage and Tax Statement 2020

<table>
<thead>
<tr>
<th>b Employer identification number (EIN)</th>
<th>078-05-1120</th>
</tr>
</thead>
<tbody>
<tr>
<td>d Control number</td>
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<td>Jones</td>
</tr>
<tr>
<td>e Employer's street</td>
<td>102 Main Street</td>
</tr>
<tr>
<td>e Employer's city/state</td>
<td>Anytown, ST 98765</td>
</tr>
<tr>
<td>f Employee's address and ZIP code</td>
<td>22-XXXXXX</td>
</tr>
</tbody>
</table>
## Paying Taxes

### Andre’s tax forms handout

<table>
<thead>
<tr>
<th>PAYER’S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.</th>
</tr>
</thead>
</table>
| A+ Recording  
3300 Main Street  
Anytown, ST 98765 |

<table>
<thead>
<tr>
<th>CORRECTED (if checked)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Nonemployee compensation</td>
</tr>
<tr>
<td></td>
<td>$620.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAYER’S TIN</th>
<th>RECIPENT’S TIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-XXXXXXX</td>
<td>07B-05-1120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECIPIENT’S name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andre Xavier Jones</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>street address (including apt. no.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>102 Main Street</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City or town, state or province, country, and ZIP or foreign postal code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anytown, ST 98765</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account number (see instructions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Safe tax withheld</td>
</tr>
<tr>
<td>6 State/Payer’s state no.</td>
</tr>
<tr>
<td>7 State income</td>
</tr>
</tbody>
</table>

Form 1099-NEC (keep for your records)  
[www.irs.gov/Form1099NEC] Department of the Treasury - Internal Revenue Service
Paying Taxes

Post-assessment

Section 1: Please select the correct answer for each of the following questions.

1. Which of the following statements about the Form W-4 (Employee’s Withholding Certificate) is true?
   a. Form W-4 is filed annually with the IRS by April 15th
   b. Form W-4 affects the amount of Social Security taxes withheld on a paycheck
   c. You only have to fill out Form W-4 if you make $6,100 of income a year
   d. Form W-4 affects the amount of income tax withheld on a paycheck.

2. You got a new job working on the weekends at a nearby store making $10 an hour. How much will your paycheck be after working 15 hours?
   a. $150
   b. $150 minus any taxes you must pay
   c. $150 plus the taxes you must pay
   d. $200 with your commission

3. Which of the following statements is false?
   a. Employees and independent contractors both receive tax forms.
   b. Taxes are withheld by employers for federal income and payroll taxes.
   c. Independent contractors and employees are taxed the same way.
   d. Employees receive W-2 forms and independent contractors receive 1099 forms.

4. This is the first year you are preparing your taxes on your own. What should you keep in mind as you prepare your forms?
   a. If you file a federal income tax return, you must also file a state income tax return
   b. There are free resources available to help people file their tax returns
   c. You must print out and mail in your tax return
   d. You always have to pay to file a federal tax return

Section 2: Please choose the number on the scale that best indicates how strongly you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>2</th>
<th>3</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand the tax forms people complete when they start working.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>I feel confident approaching taxes in the future.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>I am interested in learning more about managing my personal finances.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Section 3: Circle your grade level.

K   1   2   3   4   5   6   7   8   9   10  11  12

Access Your Potential® Financial Literacy
Paying Taxes

Post-assessment | Answer key

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