

# ***Controlling Federal Income Tax Withholding***

**T**his publication is one of a series of “practicals” that offer ideas, tips, and information for individuals who want to cut off their financial support for the U.S. war machine or are currently practicing war tax resistance. The full list of the “Practical Series” appears at the end of the text along with other relevant resources.

Many people feel they should resist militarism by resisting the payment of federal income taxes. Yet they believe they are unable to engage in war tax resistance because taxes are withheld from their salary or wages. This obstacle can be overcome by nearly everyone. Thousands of war tax resisters have stopped the withholding of income taxes that would be used for military spending by claiming additional allowances or exemption from withholding on their W-4 forms. This publication explains how people reduce or eliminate withholding and some of the possible consequences. It does not apply to Social Security or FICA taxes. State tax withholding can be set at a different rate as desired.

## **W-4 ALLOWANCES**

Form W-4, the Employee’s Withholding Allowance Certificate, ([irs.gov/pub/irs-pdf/fw4.pdf](https://irs.gov/pub/irs-pdf/fw4.pdf)) is an IRS form that most employees must fill out when they begin a job. The employer uses it to determine the amount of federal income tax to be subtracted from an employee’s wages or salary. Anyone may fill out a new W-4 at any time and must do so whenever her or his exemption status changes.

For tax purposes, “withholding allowances” and “dependents” are not the same thing. The law allows people to claim allowances for themselves, for their dependents, and for deductions and credits they expect to claim on their tax returns, such as medical bills, mortgage interest, charitable gifts, child care costs, alimony payments, retirement contributions, and many other deductible payments.

Employees are responsible for the number of allowances they claim on their W-4 forms. Employees are not required

### *Includes:*

*What are Allowances?*

*How to Calculate Allowances for Resisters*

*Employers’ Role*

*Legal Issues and Honesty*

by law or etiquette to explain their allowances to employers. In fact, an employer could not know how many allowances an employee is legally entitled to claim without being fully informed about that person's private financial situation.

In order to prevent or reduce the withholding of income taxes for war tax resistance purposes, an individual first figures out all the allowances to which she or he is legally entitled according to IRS regulations. This process is explained on the W-4 form worksheet. The tax resister then claims additional allowances to stop the withholding of the war tax portion. This amount, whether it is 10%, 50%, 100% or somewhere in between, is a matter of personal, political, and ethical choice.

The IRS instructions on the W-4 form are so complicated that many people are not prepared to contend with them in the atmosphere of a personnel office or job site where the form is usually filled out. It is a good idea to study the form in advance and figure out how many allowances IRS rules permit and how many extra allowances to claim for war tax resistance purposes. You can also take the form home to fill out and return it the next day. The law requires only that the W-4 form itself be filed. It is not necessary to return the worksheet to the employer.

*Figure out allowances according to IRS instructions then recalculate based on your personal resistance choices.*

## CALCULATING ALLOWANCES

The easiest way to decide how many allowances to take is to consult IRS *Publication 15, the Employer's Tax Guide*, known as Circular E, ([irs.gov/pub/irs-pdf/p15.pdf](https://www.irs.gov/pub/irs-pdf/p15.pdf)) to determine the total number of legal allowances and the number needed to reduce or prevent withholding. The booklet is available on the IRS website, or your employer may have a copy. Use the "Income Tax Withholding Tables" to find your filing category (single, paid weekly; married, paid monthly; etc.) and salary level. From the chart you can choose the number of allowances to take to have partial to zero withholding.

Note that any increase in allowances on the W-4 to reduce federal income tax withholding will also reduce state/local income withholding. Virtually all employers have software or the ability to have different allowances for federal and state/local taxes. Attach a note on your W-4 or talk with the payroll person about using a different allowance number for state taxes as desired.

You can also use a formula method (see sample). Under the 2017 withholding tables and rates, the first \$2,300 of a single person's (or head of household) or \$8,650 of a married person's annual income is exempt from withholding. Above these amounts, each allowance claimed on the W-4 exempts another \$4,050 of one's annual income from withholding.

## Example: How to Cut Withholding in Half for a Single Person Without Children (2017)

Single Person with annual wages of \$35,000

Personal allowance	1
Allowance for having one job	1
Total legal allowances:	$2 \times \$4,050 = \$8,100$
Add amount exempt from withholding:	$\$8,100 + \$2,300 = \$10,400$
Annual wages less exempt amount:	$\$35,000 - \$10,400 = \$24,600$
Resisting 50% for war tax income tax:	$\$24,600 \times .5 = \$12,300$
Additional allowances to be claimed:	$\$12,300 \div \$4,050 = 3$
Total allowances claimed:	$2 + 3 = 5$

In other words, 3 additional allowances need to be claimed on the W-4 form to cut withholding by about 50%.

*The easiest way to decide on the number of allowances is to refer to the Income Tax Withholding Tables for your filing status and pay schedule in IRS Publication 15, online at [irs.gov/pub/irs-pdf/p15.pdf](http://irs.gov/pub/irs-pdf/p15.pdf).*

1. Remember, for those who qualify, the Earned Income Credit may reduce the tax you owe and change the results of these calculations. You may also claim the EIC in advance through payroll withholding calculations. The subsidy for health care under the Affordable Care Act (ACA) may also reduce your taxable income.
2. This method of estimation loses accuracy if much of your taxable income falls above the 15% tax bracket (in 2017, above \$37,950 single, \$75,900 married), and will result in less withholding than you had planned.
3. When in doubt, round up the number of allowances to avoid over-withholding and pay the balance you wish to pay when you file your return. After the first year your calculations will become more accurate if your income and living situation stay about the same.

*Most people should take at least an extra allowance to avoid large refunds and giving the government an interest-free loan.*

The formula helps you estimate your taxable income and set allowances so that you owe taxes at the end of the year. Then you can make choices about resistance. Most people should take at least an extra allowance to avoid large refunds; a refund means the government has been using your money interest-free during the year to help pay for wars.

### EXEMPTION FROM WITHHOLDING

The "Exempt" option on the W-4 form is intended for use by people who owed no taxes the previous year and expect to owe none in the current year. Claiming exempt will prevent income taxes from being withheld from a person's wages or salary. People who work only part of a year, or who have widely fluctuating wages, may have to claim a higher number of allowances or claim exempt in order to prevent over-with-

holding. (See IRS Publication 505—Tax Withholding and Estimated Tax, page 5, [irs.gov/pub/irs-pdf/p505.pdf](https://www.irs.gov/pub/irs-pdf/p505.pdf)) Generally individuals should choose to file exempt only if they meet the criteria noted on the W-4 form. The IRS may easily be able to prove that money was owed “the previous year” thus opening up the possibility of a charge for perjury for filing a “false or fraudulent” W-4 form.

## IRS AND EMPLOYERS’ POWER TO REJECT W-4

Although we are personally responsible for the claims we make on our W-4 forms, employers have a limited authority to reject a W-4 if they can establish that excessive allowances have been claimed.

Under the regulations, employers are supposed to reject a W-4 and request a corrected one if: 1) a person has altered or added on to any of the printed language on the W-4, or 2) a person has verbally communicated that s/he is claiming allowances or exemptions not permitted by IRS rules. If a person tells an employer that s/he is claiming extra allowances because of war tax resistance, the employer is supposed to reject the W-4. If the employer honors the W-4 anyway, the employer may become liable for civil and criminal penalties. This is why it is often advisable that a person not justify her or his war tax resistance claims to the employer.

Before April 2005, employers were required to send the IRS any W-4 claiming over 10 allowances or claiming exempt if the person was making more than \$200 per week. The IRS dropped that requirement and stepped up its compliance efforts. They use information reported on W-2 statements sent to the IRS at the end of each year by employers matched with taxpayer returns to locate problem W-4s. If the IRS sends a

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----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----				
<b>W-4</b> Form Department of the Treasury Internal Revenue Service		<b>Employee's Withholding Allowance Certificate</b> <small>► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</small>		OMB No. 1545-0074 <b>2017</b>
1 Your first name and middle initial		Last name	2 Your social security number	
Home address (number and street or rural route)			3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withheld at higher Single rate. <small>Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</small>	
City or town, state, and ZIP code			4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. <input type="checkbox"/>	
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5	6 \$	
6 Additional amount, if any, you want withheld from each paycheck				
7 I claim exemption from withholding for 2017, and I certify that I meet both of the following conditions for exemption.				
<ul style="list-style-type: none"> <li>• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and</li> <li>• This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.</li> </ul>				
If you meet both conditions, write "Exempt" here		7		
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature (This form is not valid unless you sign it.) ►			Date ►	
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)			9 Office code (optional)	10 Employer identification number (EIN)
For Privacy Act and Paperwork Reduction Act Notice, see page 2.				
			Cat. No. 10220Q	Form W-4 (2017)

written notice to an employer asking to see an employee's W-4, the employer is required to submit it to the IRS.

When the IRS suspects there is a serious under-withholding problem, they will notify the employer with a "lock-in" letter to withhold income tax from that employee at a higher rate and with a maximum number of permissible allowances stated. If a lock-in letter is received, the employee will be given a date by which to appeal or verify their allowances to the IRS. If the claim is not defended to the satisfaction of the IRS, the employer must withhold according to the IRS's lock-in letter or face penalties. At this point an employee cannot submit a new W-4 to their employer, but must send it to the IRS for approval. An employer cannot decrease withholding for that individual unless notified by the IRS. If the employee has left the job when a lock-in letter is received, no action by the employer is required. The lock-in letter stands for 12 months, so if the individual returns to the job within 12 months the employer must withhold according to the lock-in letter.

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However, unless you are under scrutiny by the IRS or have received a lock-in letter, changes to W-4s are allowed anytime. If you have had more tax withheld during the year than you wished, you may adjust your allowances upwards (for less withholding) by giving your employer a new W-4. The employer must withhold according to your new W-4 no later than the first pay period 30 days following its receipt.

If you file electronically or allow a tax preparer to do so for you, the system may automatically calculate a penalty for an insufficient amount of tax paid through withholding. File a paper return, or ask your tax preparer to use the paper return, to avoid this automatic penalty addition.

## **LEGAL CONSEQUENCES OF W-4 RESISTANCE**

The IRS may assess a \$500 civil penalty for a false W-4 if they decide excessive allowances have been claimed. A W-4 claiming excessive allowances is not subject to the civil penalty for filing a "frivolous tax return." If the \$500 false W-4 penalty is wrongly imposed, this can be challenged by seeking an "abatement" of the penalty through the "W-4 Coordinator" at the IRS Service Center.

There is also a criminal penalty of up to one year in jail and /or a fine of up to \$1,000 upon conviction for "willfully supplying false or fraudulent information" on a W-4 Form to decrease the amount of withholding. Criminal penalties cannot be applied automatically. Only 16 war tax resisters have been criminally prosecuted for W-4 resistance since WWII; six of them served jail sentences ranging from 30 days to nine months. Only one war tax resister has been prosecuted since

1973, so the current risk of criminal prosecution appears to be small. However, IRS policy and procedure could change at any time, so resisters should be aware of such a possibility.

Currently the IRS relies on tightened rules and monitoring W-2 forms (end-year reporting) against W-4 claims as its main enforcement tools. Despite requests for notification to war tax resistance counselors, there is little data to show how often the IRS sends a lock-in letter or orders employers to withhold at the highest possible rate from the paychecks of war tax resisters. Likewise, there is no indication that the \$500 civil penalty has been levied on a resister in recent years.

If a lock-in letter is received by your employer, unless you work for a very sympathetic business or organization (See **Practical #6, Organizational War Tax Resistance**), your options are quite limited. Arguing for added allowances must be based on allowances according to IRS determination. Lowering your salary would decrease the amount of taxes withheld. Quitting the job resolves the situation but may complicate things in other ways. The lock-in letter is held by the employer for 12 months and would become active if you return to the same job in that time.

## DEALING WITH EMPLOYERS

Employees are not required by law to explain their allowances to employers. Many people are very anxious about how a new employer will react if they claim so many allowances, or how an old employer will react if they increase the number of allowances they claim. Experience has shown that a firm, polite attitude in response to an employer's questions helps assert personal responsibility for one's claim and satisfies the employer. Such replies as, "This is the number of allowances I believe I am entitled to," "This is my personal tax situation," or "This is the number of allowances I have been advised to claim," may satisfy an employer. If an employer balks or persists in asking for further explanation, a simple repetition of the same or slightly varied responses usually gets the message across that this is a personal, private matter and that no further explanation will be offered.

## THE ISSUE OF TRUTHFULNESS

Some people, concerned about truthfulness in their relationships, are troubled about signing the declaration at the bottom of the W-4 after claiming extra allowances, because it might be interpreted as a false statement. Some, however, have come to understand these claims as honest. They make these claims because they firmly believe it is wrong to pay taxes for war and that they are morally entitled to refuse to pay them. When they sign the certification on the W-4, they

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feel they are making an honest statement of belief, even though they realize the IRS would disagree.

## APRIL 15 — TO FILE OR NOT TO FILE

Many war tax resisters file returns; others do not. The decision whether to file a return is a personal one. See **Practical WTR #2: To File or Not To File an Income Tax Return** for more information. Here are a few factors regarding W-4 forms.

*For those who choose not to file, it is advisable to fill out a tax form each year in part to make sure there is no refund due.*

Showing a significant amount of taxes due on a 1040 filed with the IRS may trigger a request by the IRS to see the corresponding W-4. It is possible that salaried war tax resisters who file returns are more likely to have their employers instructed to reject their W-4 forms with the added possibility of being assessed the \$500 civil penalty for a false W-4 (the latter is rare).

On the other hand, a number of war tax resisters in salaried jobs accept withholding but make the choice not to file a return with the IRS. It is advisable to fill out a tax form each year to make sure there is no refund due. If the desire is to refuse to cooperate with war taxation, leaving a refund in the federal coffers guarantees that some of that money will go to war. The Affordable Care Act (ACA) is also forcing more people to file for proof of health coverage and receive the subsidy, but the ACA can also offer another way to reduce taxable income and end up with a refund if you qualify for a subsidy.

## SUMMARY

Too often war tax resistance counselors hear salaried employees say, "I can't resist; the money is taken out of my paycheck automatically." However, unlike in other countries, salaried employees in the United States submit the information to their employer that sets the rate at which taxes are taken out of, "withheld from," their paycheck.

This publication explains the methods used by salaried war tax resisters to control withholding so that they are in a position to refuse to pay for war. This can involve an act of civil disobedience and some risks and potential penalties. With taxes due at the end of year, the individual can still choose how much to pay or not pay, depending on their motivations and goals for their war tax refusal.

Reading through this publication and talking with a war tax resistance counselor helps those who want to refuse to pay for war to make an informed decision. We encourage all war tax resisters to talk with friends, family, and the general public about why we make these choices. We also encourage people to devote their resisted taxes to works of peace, education, social sharing, and the common good.

ONE MORE OPTION:

## A Quick-and-Dirty Method to W-4 Resistance

Math not your forte and you'd just as soon avoid tables, formulas, and calculations? Then try this ultra-simple method to jump start your income tax resistance: Submit a new W-4 that adds 2 additional allowances to those you are already claiming. Or, if you're beginning a new job, start off by claiming 3 or 4 allowances on your W-4.

While this probably won't eliminate all income tax withholding, it should have you owing taxes — thus in a position of resistance — by the end of the year. You can always submit another W-4 to your employer down the road if you still feel you're being over-withheld.

## RESOURCES

Available from the IRS  
Search on the pub. number at [irs.gov](http://irs.gov)

**Form W-4, the Employee's Withholding Allowance Certificate**

**Publication 15 - Circular E, Employer's Tax Guide**

**Publication 505 - Tax Withholding and Estimated Tax**

Available from NWTRCC:

**Practical War Tax Resistance Series:**

**#2:** To File or Not to File an Income Tax Return; **#3:** How to Resist Collection, or Make the Most of Collection When it Occurs; **#4:** Self Employment: An Effective Path for War Tax Refusal; **#5:** Low Income/Simple Living; **#6:** Organizational War Tax Resistance; **#7:** Health Care and Income Security; **#8:** Relationships

Single copies #1-3 75¢ ea.; #4-8 \$1.00 ea.; bulk rates from NWTRCC. Read online [nwtrcc.org](http://nwtrcc.org) under "Resources."

**W-4 Resistance "How-to" video** free online at [nwtrcc.org/resist/w-4-resistance/](http://nwtrcc.org/resist/w-4-resistance/)

**War Tax Resistance: A Guide to Withholding Your Support from the Military.** a comprehensive book on the subject. Published by War Resisters League, 5<sup>th</sup> Edition, March 2003, with annual update, 144 pages. (\$6 postpaid)

**War Tax Resisters and the IRS**, a brief outline of WTR motivations, methods and consequences. (\$2.50 each)

**Death and Taxes** introductory video. Watch online at [nwtrcc.org](http://nwtrcc.org) under the Resources menu.

For a full and updated resource list, please see our website or call the number below for a copy.

This brochure was produced by the National War Tax Resistance Coordinating Committee. NWTRCC is a coalition of local, regional, and national groups supportive of war tax resistance.

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