

RESOURCES

Publication 15 - Circular E, Employer's Tax Guide
Publication 15A - Employer's Supplemental Tax Guide
Publication 505 - Tax Withholding and Estimated Tax
Publication 910 - Guide to Free Tax Services

Available free from the IRS, 1(800)829-FORM, or on the internet: www.irs.gov.

Commerce Clearing House Standard Federal Tax Reporter, available in the business section of many public libraries or see <http://tax.cchgroup.com>.

Stand Up to the IRS, by Frederick W. Daily, 10th Edition, 2009, Nolo Press, 950 Parker Street, Berkeley, CA 94710-9867, www.nolo.com.

AVAILABLE FROM NWTRCC:

Practical War Tax Resistance Pamphlet 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 Resistance; #5: Low Income/Simple Living as War Tax Resistance; #6: Organizational War Tax Resistance: Employers, Contractors, and Financial Institutions; #7: Healthy, "Wealthy," and Wise: Aging and War Tax Resistance. (Single copies #1-3 75¢ each, #4-7 \$1 each; call for bulk rates.)

War Tax Resistance: A Guide to Withholding Your Support from the Military, a comprehensive book on the subject. Published by War Resisters League, 5th Edition, March 2003, with 2010 update, 144 pages. (\$17 postpaid)

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

War Tax Resistance Network, regional listings of contacts, counselors, activists, and support groups. Free

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. Additional copies are available for 75¢ each.

Updated 1/2011

NATIONAL WAR TAX RESISTANCE COORDINATING COMMITTEE

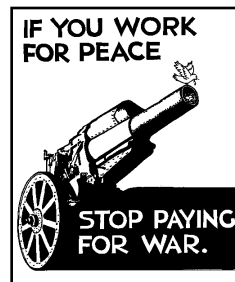
PO BOX 150553, BROOKLYN, NY 11215

1(800)269-7464 • 1(718)768-3420

EMAIL: NWTRCC@NWTRCC.ORG

WEB: WWW.NWTRCC.ORG

LOCAL CONTACT:



Controlling Federal Income Tax Withholding

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 brochure explains how people reduce or eliminate withholding and some of the possible consequences. It does not apply to Social Security or FICA taxes.

W-4 ALLOWANCES

Employees are not required by law or etiquette to explain their allowances to employers.

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

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, 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 "Wage Bracket" charts 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.

You can also use a formula method (see sample to right). Under the 2011 withholding tables and rates, the first \$2,100 of a single person's (or head of household) or \$7,900 of a married person's annual income is exempt from withholding. Above these amounts, each allowance claimed on the W-4 exempts another \$3,700 of one's annual income from withholding. 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.

Consult IRS Publication 15, the Employer's Tax Guide known as Circular E, to determine the total number of legal allowances and the number needed to reduce or prevent withholding.

Most war tax resisters redirect their resisted taxes to works of peace, education, social sharing, and the common good.

We encourage all war tax resisters to talk to friends, family, and the general public about why we choose not to pay taxes for militarism.

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 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.

It appears that the IRS is more likely to identify W-4 resisters who have filed returns than those who have not. Therefore, people who file annual returns are probably more likely to be assessed the \$500 civil penalty for a false W-4 and to have their employers instructed to reject their W-4 forms. In addition, everyone identified by the IRS as an "illegal tax protester" (a category in which the IRS includes war tax resisters) is subject to having their W-4 forms investigated.

People who do file returns will not be protected from the \$500 civil penalty for filing a false W-4 by taking "war tax" deductions or credits on their tax return. A "false" W-4 cannot be "corrected" or justified by anything written on the tax return. In addition, taking a "war tax" credit or deduction may result in the \$5,000 civil penalty for filing a "frivolous" tax return. Therefore, war tax counselors usually suggest that if people wish to file, they file a correct return and refuse to pay the war tax portion.

We encourage all war tax resisters to talk to friends, family, and the general public about why we choose not to pay taxes for militarism. We also encourage people to devote their resisted taxes to works of peace, education, social sharing, and the common good.

“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 a fine of up to \$100,000 (nothing even close to this amount has ever been imposed on a war tax resister) for “willfully supplying false or fraudulent information” on a W-4 form which decreases 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. And only one war tax resister has been prosecuted since 1972, so the current risk of criminal prosecution appears to be small. However, IRS policy and procedure on criminal prosecution could change in the future, and resisters should be aware of such a possibility.

Currently the IRS relies on tightened rules and monitoring W-4 claims as its main enforcement tools. In the last couple of years there has been a slight but noticeable increase in the IRS ordering employers to withhold at the highest possible rate from the paychecks of war tax resisters. The \$500 civil penalty has not been used in a number of years.

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 assessment of the civil penalty is infrequent when compared to the many war tax resisters who are effectively using W-4 resistance to prevent withholding of war taxes.

Example: How to Cut Withholding in Half for a Single Person Without Children (2011)

Single Person with annual wages of	\$30,000
Personal allowance	1
Allowance for having one job	1
Total legal allowances: 2 x \$3,700 =	\$7,400
Add amount exempt from withholding: \$7,400 + \$2,100 =	\$9,500
Annual wages less total: \$30,000 - \$9,500 =	\$20,500
Resisting war taxes of 50% on taxable income: \$20,500 x .5 =	\$10,250
Additional allowances to be claimed: \$10,250 ÷ \$3,700 = 2.7 (round up to 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 50%.

The easiest way to decide on the number of allowances is to refer to the Wage Bracket Tables for your filing status and pay schedule in IRS Publication 15, online at <http://www.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.
2. This method of estimation loses accuracy if much of your taxable income* falls above the 15% tax bracket (in 2011, above \$34,500 single, \$69,000 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. For most people, each withholding allowance makes a difference of about \$465 (\$3,300 x 0.15) in tax withheld, so the calculations shown here can only approximate the amount of tax you want taken out.

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-withholding. (See IRS Publication

IRS AND EMPLOYERS' POWER TO REJECT A W-4

Although we are personally responsible for the claims we make on our W-4 forms, since 1981 employers and the IRS have had 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 14, 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. Instead the IRS is stepping up its compliance efforts and announcing they will make better use of information reported on W-2 statements sent to the IRS at the end of each year. While employers are not required to submit potentially questionable W-4s to the IRS, they must submit them on receipt of a written notice from the IRS.

When the IRS suspects there is a serious under-withholding

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.

problem, they will notify the employer with a "lock-in" letter to withhold income tax from that employee at a more appropriate rate and with a maximum number of 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 begin withholding 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.

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.

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

Form W-4
Department of the Treasury
Internal Revenue Service

2011
OMB No. 1545-0074

1 Type or print your first name and middle initial. Last name

2 Your social security number

3 Single Married Married, but withold at higher Single rate.
Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

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.

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet for exemption. Additional amount, if any, you want withheld from each paycheck

6 \$

7 **8** **9** Office code (optional)

10 Date **11** Employer identification number (EIN)

12 **13** **14** **15** **16** **17** **18** **19** **20** **21** **22** **23** **24** **25** **26** **27** **28** **29** **30** **31** **32** **33** **34** **35** **36** **37** **38** **39** **40** **41** **42** **43** **44** **45** **46** **47** **48** **49** **50** **51** **52** **53** **54** **55** **56** **57** **58** **59** **60** **61** **62** **63** **64** **65** **66** **67** **68** **69** **70** **71** **72** **73** **74** **75** **76** **77** **78** **79** **80** **81** **82** **83** **84** **85** **86** **87** **88** **89** **90** **91** **92** **93** **94** **95** **96** **97** **98** **99** **00**

Form W-4 (2011)
Cat. No. 10220Q