Medical University of South Carolina
Guidelines for Employees Completing
Form W-4

All employees of MUSC are required to submit a Form W-4, or equivalent (each state may have its own
version of a W-4 - check with employer), to the Department of Human Resources before his or her first
paycheck. The purpose of Form W-4 is to determine the amount of money to withhold from each employee’s
paycheck. In order to determine the amount or percentage of withholdings, one must first complete the
“Personal Allowances Worksheet” (located in middle section of Form W-4) to determine the number of
allowances he or she will claim. The more allowances an individual claims on the W-4, the less amount of
money will be withheld from each paycheck. As a result, withholding less than a sufficient amount of money
could lead to underpayment penalties when an individual files his or her individual tax return. However, in
certain cases, individuals may be completely exempt from withholding. There are three criteria whereby
employees can claim complete exemption from withholdings on line 7 of Form W-4:

  o The individual had no tax liability on his/her tax return from the previous tax year, AND
  o During the current tax year, the individual expects to have no tax liability on his/her tax
    return
  o Employee must be US citizen or resident alien for tax purposes (non-resident aliens must
    present a valid visa and have tax treaty with home country to be exempt from withholdings)

Previously, employers were required to submit to the IRS Forms W-4 that included claiming more than 10
allowances or exempt status when the employee earned more than $200 per week. As it stands currently, it is
only required of the employer to submit Form W-4 if directed to do so per a written notice or other means of
communication. If the IRS later determines that an employee does not have enough tax withheld, a “lock-in”
letter will be issued to the employer providing instructions on a revised withholding rate for the employee.

Employees should be aware that information from Form W-4 can be provided to the IRS and other
governmental agencies based on legal subpoena or formal investigation of violation of federal or state tax
laws.

The administrative office of the Medical University of South Carolina (MUSC) does not advise on any tax,
legal or accounting matters. Any reference to U.S. federal, state, local or international tax documents
provided by MUSC is to be used for informational purposes only. Inferences made based on such documents
are the responsibility of the taxpayer and do not reflect the views of MUSC. Taxpayers seeking professional
tax guidance should contact an independent tax adviser.

Medical University of South Carolina
Tax Compliance Office
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