



*National Payroll Reporting Consortium*

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September 2, 2016

Mr. Curt Freeman  
Senior Technical Advisor  
Tax Forms & Publications  
Internal Revenue Service  
1111 Constitution Ave  
Washington, DC 20224

Dear Mr. Freeman:

Thank you for soliciting input as to possible changes to Form W-4. We do have a suggestion for the form, which was first raised via the Reporting Agent Forum in 2014.

NPRC is a non-profit trade association whose member organizations provide payroll processing and related services to over 1.5 million employers nationwide, covering one-third of the private sector work force. Payroll service providers have long served an important role in our nation's tax collection system as a conduit between employers and government authorities. Payroll service providers improve the efficiency of government tax collections and improve compliance.

Our recommendation is that the Form W-4 should be revised slightly to include "First Date of Work." This new data field would replace an existing data field which appears to be unused, (optional and for the internal use of the employer); specifically, box 9, "Office Code (optional)." There are no instructions for this box. See page three for details of the proposed revision.

As background, Form W-4 is generally not intended to be a submission form. However, section 313(b) of the 1996 PRWORA<sup>1</sup> required all employers to report the hiring of new employees, and provided that employers may comply by submitting Form W-4 to the state new hire reporting agency. In 2010, "the date services for remuneration were first performed by the employee" was added as a mandatory reporting element under federal law<sup>2</sup>. Consequently, all states now require "First Day of Work"<sup>3</sup> on New Hire reports. This now presents a conflict: All states must accept IRS Form W-4 from employers as the new hire report, yet the Form W-4 does not include a space for hire date/first day worked. This results in missing data, which drives substantial costs affecting employers, states and critical government benefits integrity programs.

According to the Federal Office of Child Support Enforcement, during the three months ending August 3, 2016, approximately 45,000 new hire reports were submitted with no date provided to identify the first day of work.

Without this information, state workforce agencies must devote scarce resources to contacting the employer to get the missing date. For example, new hire reports are used to identify active

<sup>1</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)

<sup>2</sup> The Claims Resettlement Act (P. L. 111-291) Section 802(a)

<sup>3</sup> Also known as "hire date;" however, the actual requirement is for the date on which services were first performed for the employer.



unemployment insurance claimants who may no longer qualify for benefits. Without the date of hire, the new hire report is ineffective. The state cannot begin proceedings to discontinue UI benefits without the DOH. As a result, state UI taxes for all employers are higher than necessary. Additionally, child support agencies may not obtain information from the National Directory of New Hires for persons who owe child support if required information (including DOH) is missing.

The IRS also relies on new hire reports in certain circumstances. Missing “first day worked” dates may cause problems with IRS systems; e.g., in verifying employment. The IRS currently accesses the National New Hire Directory in order to administer:

- Section 32 (earned income tax credit) of the IRC.
- advance payment of the earned income tax credit (Section 3507 of the IRC).
- verifying a claim of employment in a tax return.
- collecting debt owed to the federal government when the debt has been referred to the Secretary of the Treasury in accordance with 31 U.S.C. 3711 (g)<sup>4</sup>

Other agencies that rely on new hire reporting information for program integrity (or similar) purposes include State Welfare (“TANF” or “IV-A”) Agencies; State Foster Care and Adoption Assistance (IV-E) Agencies; Social Security Administration; Department of Education (for student loans recovery); Department of Housing and Urban Development, and State Supplemental Nutrition Assistance Program (SNAP) Agencies.

We would be glad to discuss this further if it would be helpful. Please call me if we can be of service. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Isberg", is positioned to the right of the word "Sincerely,".

Pete Isberg  
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<sup>4</sup> [A Guide to the National Directory of New Hires](#), January 27, 2015, Office of Child Support Enforcement, p. 4.



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**Proposed Change**

**1. Form W-4 Currently Includes:**

- Box 8. Employer’s name and address
- Notation: “(Employer: Complete lines 8 and 10 only if sending to the IRS.)”
- **Box 9 “Office code (optional)”**
- Box 10. Employer identification number (EIN)

**Current Form W-4: Boxes 8 - 10**

<b>8</b> Employer’s name and address (Employer: Complete Boxes 8, and 10 only if sending to the IRS)	<b>9</b> Office Code (optional)	<b>10</b> Employer identification number (EIN)
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**2. Proposed Revisions**

- Label the box 8-9-10 block as “**Employer use only**”
- Replace Box 9 with “**First Date of Work**”
- Revise Box 8 notation to “**Employer: Complete Boxes 8, 9 and 10 only if sending to the IRS or state new hire reporting agency**”

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**As revised:**

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<b>8</b> Employer’s name and address (Employer: Complete lines 8, 9 and 10 only if sending to the IRS <b><u>or state new hire reporting agency.</u></b> )	<b>9</b> <b><u>First Date of Work</u></b>	<b>10</b> Employer identification number (EIN)
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Note: The revised notation in box 8: “(Employer: Complete Boxes 8, 9 and 10 only if sending to the IRS or state new hire reporting agency.)” is necessary, or alternatively a new instruction may be necessary. Not all Forms W-4 represent a hiring event. Many Forms W-4 are completed by existing employees who are merely changing withholding elections, so “first date of work” is not applicable. The proposed parenthetical box 8 note would address this issue.