

MICHIGAN MI-W4 EMPLOYER INSTRUCTIONS

Employee Exemptions

MI-W4 Withholding Exemption Certificate

Every employer must obtain a *Withholding Exemption Certificate* (Form MI-W4) from each employee. The federal W-4 cannot be used in place of the MI-W4.

The exemption amount is \$4,400 per year times the number of personal and dependency exemptions allowed under Part 1 of the Michigan Income Tax Act. An employee may not claim more exemptions on the MI-W4 than can be claimed on the employee's Michigan income tax return. Michigan has additional special exemptions that are claimed on a taxpayer's Michigan income tax return, but are not claimed on an MI-W4.

The MI-W4 enables employees to claim exemption from Michigan income tax withholding. Employees may claim exemption from withholding only if they do not anticipate a Michigan income tax liability for the current year because their employment is less than full-time and the personal and dependency exemptions exceed their annual compensation.

Any changes made to an MI-W4 makes the form invalid. Any writing on the certificate other than entries required is considered a change.

If you receive an invalid certificate, do not consider it to compute withholding. You must inform the employee who submitted the certificate that it is invalid and require the employee to submit a corrected MI-W4. If the employee does not comply, withhold from the employee's total compensation based on zero exemptions. If a prior valid certificate is in effect, continue to withhold in accordance with the prior valid certificate.

Sending Certain MI-W4 Certificates

Under Public Act 169 of 1982, employers must submit to Treasury a copy of any MI-W4 received from employees who:

- Claim ten or more exemptions, or
- Claim exempt from withholding tax.

Employers must also submit MI-W4s for employees who change their withholding status to exempt.

Employers should not send copies of exemption certificates filed by:

- Part-time or student employees whose expected earnings will be less than their exemption allowance.
- Employees who claim exempt because they live in a reciprocal state, or
- Employees who claim exempt for a stated time (e.g., two pay periods).

Use the official MI-W4 only; do not send copies of the federal W-4. **Mail MI-W4s only to:** New Hire Operations Center, P.O. Box 85010, Lansing, MI 48908-5010