

Welcome to Today's IRS Web Conference

Understanding How to Use the IRS Withholding Calculator to Check & Correct Withholding



Richard Furlong
Stakeholder Liaison

The original live broadcast of this web conference included an interactive polling feature which is disabled in this archived version.




IRS

Media: SBSE.SL.Web.Conference.Team@IRS.gov

Technology Problems?

(the moderator is speaking now)

- Audio is available through your computer only. There is no call in number.
- **Make sure your computer sound is not muted.**
- See Technical Help document posted to “Materials” on viewing screen for tips and required settings.
- **Still problems?**
 - **Close & re-launch your player...OR...**
 - **Click gear icon  top right corner of slide and photo boxes on viewing screen.**
 - **Select “Flash” instead of “HLS.”**



IRS

Understanding How to Use the IRS Withholding Calculator to Check & Correct Withholding



Alan Plumley

Technical Advisor

IRS Office of Research,
Applied Analytics and Statistics



Internal
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Service

Objectives

- ❖ To illustrate why some major segments of the population **should change their withholding** soon; and
- ❖ To familiarize tax professionals with how to use the IRS **withholding calculator** to help taxpayers change their withholding.

Key Changes in Tax Law Affecting Withholding

- ❖ Generally lower **tax rates**
- ❖ **Standard deductions** almost doubled
 - ❖ Single: \$6,350 → \$12,000
 - ❖ Head of Household: \$9,350 → \$18,000
 - ❖ Married-Joint: \$12,700 → \$24,000
- ❖ **Exemptions** eliminated
- ❖ **Child Tax Credit** increased from \$1,000 to \$2,000/child and eligibility expanded
- ❖ New **credit for other dependents** of \$500/dependent
- ❖ Changes to allowable **itemized deductions**

2018 Withholding Tables Took Effect in February

- ❖ Based on new tax rate schedules, etc.
- ❖ Designed to maximize the number of people who don't have to adjust their withholding with a new Form W-4
- ❖ Value of **withholding allowance** chosen to be same as under prior law
- ❖ **Zero-Bracket Amount** takes into account:
 - Standard deduction (as before, but larger)
 - Elimination of personal exemptions

Polling Question #1

Whose withholding is most in need of adjustment because of the change in tax law?

- A. Those with dependent children
- B. Those who itemized deductions for TY 2017
- C. Those who will itemize for TY2018
- D. Those who have more than one concurrent job
- E. All of the above
- F. A, B and D

Whose Withholding May Need Adjustment?

Could be **over**withheld or **under**withheld:

A. Families with children

Could be significantly **under**withheld:

B. Those who itemized under prior law

C. High-income individuals who have multiple jobs

A. Families With Children

Change in per-child tax benefit depends on tax bracket and age of children, but benefit for most w/ lower-income is larger.

Change in benefit/child for a typical person in a given 2017 tax bracket

2017		2018	
Marginal Tax Rate	\$4,050 Dependent Exemption		
10%	\$405		
15%	\$608		
25%	\$1,013		
28%	\$1,134		

Note: these benefits were (and still are) phased out for those in the highest tax brackets.

A. Families With Children

Change in per-child tax benefit depends on tax bracket and age of children, but benefit for most w/ lower-income is larger.

Change in benefit/child for a typical person in a given 2017 tax bracket

2017			2018	
Marginal Tax Rate	\$4,050 Dependent Exemption	\$1,000 Child Tax Credit (under age 17)		
10%	\$405	\$1,000		
15%	\$608	\$1,000		
25%	\$1,013	\$1,000		
28%	\$1,134	\$0		

Note: these benefits were (and still are) phased out for those in the highest tax brackets.

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10%	\$405	\$1,000	\$2,000	
15%	\$608	\$1,000	\$2,000	
25%	\$1,013	\$1,000	\$2,000	
28%	\$1,134	\$0	\$2,000	

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A. Families With Children

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Change in benefit/child for a typical person in a given 2017 tax bracket

2017			2018	
Marginal Tax Rate	\$4,050 Dependent Exemption	\$1,000 Child Tax Credit (under age 17)	\$2,000 Child Tax Credit (under age 17)	\$500 Non-Child Dependent Credit
10%	\$405	\$1,000	\$2,000	\$500
15%	\$608	\$1,000	\$2,000	\$500
25%	\$1,013	\$1,000	\$2,000	\$500
28%	\$1,134	\$0	\$2,000	\$500

Note: these benefits were (and still are) phased out for those in the highest tax brackets.

Example 1: Family With Children

Scenario:

- Married with 3 children (ages 12, 9, and 6)
- One job, \$90,000 of wages; no other income
- Standard deduction

Impact of Child-Related Benefits on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Allowances for dependent exemptions	3		
Total child-related credits	\$3,000		
Allowances for credits (per W-4)	5		
Income offset by child-related allowances	\$32,400		
Marginal tax rate	15%		
Withholding offset by child-related allowances	\$4,860		

Note: assumes allowances active in 2017 were set within the last few years.

Example 1: Family With Children

Scenario:

- Married with 3 children (ages 12, 9, and 6)
- One job, \$90,000 of wages; no other income
- Standard deduction

Impact of Child-Related Benefits on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Allowances for dependent exemptions	3	3	
Total child-related credits	\$3,000		
Allowances for credits (per W-4)	5	5	
Income offset by child-related allowances	\$32,400	\$33,200	
Marginal tax rate	15%	12%	
Withholding offset by child-related allowances	\$4,860	\$3,984	

Taxpayer's 8 withholding allowances unchanged.

Example 1: Family With Children

Scenario:

- Married with 3 children (ages 12, 9, and 6)
- One job, \$90,000 of wages; no other income
- Standard deduction

Impact of Child-Related Benefits on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Allowances for dependent exemptions	3	3	0
Total child-related credits	\$3,000		\$6,000
Allowances for credits (per W-4)	5	5	12
Income offset by child-related allowances	\$32,400	\$33,200	\$49,800
Marginal tax rate	15%	12%	12%
Withholding offset by child-related allowances	\$4,860	\$3,984	\$5,976

By completing a new Form W-4, this person could **reduce** withholding by about \$2,000 (\$5,976 - \$3,984).

Polling Question #2

What determines whether your 2018 tax benefit for dependents is larger or smaller than it was for 2017?

- A. The number of dependents
- B. The age of the dependents
- C. Your tax rate bracket
- D. A and B
- E. All of the above

Example 1: Family With Children

Crosswalk to the Withholding Calculator

Scenario:

- Married with 3 children (ages 12, 9, and 6)
- One job, \$90,000 of wages; no other income
- Standard deduction
- **2018 Form W-4 Worksheets:** Claim 15 allowances
 - 2 for spouses
 - 1 for single job
 - 12 for Child Tax Credit (4 x 3 children)
- **Withholding Calculator:**
 - Run on April 9: Recommendation of 15 allowances
 - **Recommendation will change** if run later in the year (decreasing time available to make adjustments).
 - **Following any mid-year change in withholding, employee should revisit the calculator again the following January.**

IRS.gov Home Page: Search on “calculator”



calculator



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Refund Status



File an Extension



Get Your Tax Record



Payment Plan



Direct Pay



Free File



View Your Account



Employer ID Number (EIN)

<https://www.irs.gov/payments/direct-pay>

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The IRS encourages everyone to use the Withholding Calculator to perform a quick “paycheck checkup.” This is even more important this year because of recent changes to the tax law for 2018.

The Calculator helps you identify your tax withholding to make sure you have the right amount of tax withheld from your paycheck at work.

There are several reasons to check your withholding:

- Checking your withholding can help protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time next year.
- At the same time, with the average refund topping \$2,800, you may prefer to have less tax withheld up front and receive more in your paychecks.

If you are an employee, the Withholding Calculator helps you determine whether you need to give your employer a new [Form W-4, Employee's Withholding Allowance Certificate](#). You can use your results from the Calculator to help fill out the form and adjust your income tax withholding.

Withholding Calculator “Landing Page” (scrolled down)

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Government Entities

Plan Ahead: Tips For Using This Program

The Calculator will ask you to estimate values of your 2018 income, the number of children you will claim for the Child Tax Credit and Earned Income Tax Credit, and other items that will affect your 2018 taxes. This process will take a few minutes.

- Gather your most recent pay stubs.
- Have your most recent income tax return handy; a copy of your completed Form 1040 will help you estimate your 2018 income and other characteristics and speed the process.
- Keep in mind that the Calculator’s results will only be as accurate as the information you provide. If your circumstances change during the year, come back to this Calculator to make sure that your withholding is still correct.
- The Withholding Calculator does not ask you to provide sensitive personally-identifiable information like your name, Social Security number, address or bank account numbers. The IRS does not save or record the information you enter on the Calculator.

IMPORTANT NOTE: This Withholding Calculator works for most taxpayers. People with more complex tax situations should use the instructions in Publication 505, Tax Withholding and Estimated Tax, expected to be updated in early spring. This includes taxpayers who owe self-employment tax, alternative minimum tax, the tax on unearned income of dependents or certain other taxes, and people with long-term capital gains or qualified dividends.

Ready to start? Make sure Javascript is enabled.

Withholding Calculator

To Change Your Withholding:

- Use your results from this Calculator to help you complete a new [Form W-4](#), Employee’s Withholding Allowance Certificate, and
- Submit the completed Form to your employer as soon as possible. Withholding takes place throughout the year, so it’s better to take this step as soon as possible.

Special Note for 2019: If you follow the recommendations at the end of this Calculator and change your withholding for 2018, the IRS reminds you to be sure to recheck your withholding at the start of 2019. This is especially important if you reduce your withholding sometime during 2018. A mid-year withholding change in 2018 may have a different full-year impact in 2019. So if you do not file a new Form W-4 for 2019, your withholding might be higher or lower than you intend. To help protect against having too little withheld in 2019, we encourage checking your withholding again early in 2019.

If you have additional questions about your withholding, consult your employer or tax advisor.

Withholding Calculator “Landing Page” (scrolled down)

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What you need

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Who should use Pub. 505

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Use the
calculator to
fill out a new
Form W-4

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Click to go
to the
calculator



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If you have additional questions about your withholding, consult your employer or tax advisor.

Withholding Calculator Page 1



General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No

Continue

Reset

Withholding Calculator Page 1



Select filing status and if you can be claimed as a dependent by someone else

General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No

Continue

Reset

Withholding Calculator Page 1



Click on the word “dependent” to get more information

General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No

Continue

Reset



Can someone else claim you as a dependent?

- Most people under age 19 and most students under age 23 who live with their parents or other relatives are dependents, and should answer yes here.
- A married taxpayer filing a joint return cannot be claimed as a dependent unless they are filing only to claim a refund of taxes paid, and should usually check 'no' here. Please check the rules at <https://taxmap.irs.gov/taxmap/instr/i1040gi-008.htm> and check 'yes' here only if you will be claimed as a dependent by another taxpayer. We will ask about your dependents later.

For more information about whether someone can claim you as a dependent: <https://taxmap.irs.gov/taxmap/instr/i1040gi-008.htm>.

Withholding Calculator Page 1



General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No

Continue

Reset

What you enter on each page affects what you're asked on subsequent pages.

Withholding Calculator Page 2

Select number of jobs, dependents, etc.

General Information (continued)

Select the total number of jobs in which you and your spouse are currently or will be employed. (Enter military retirement pay or taxable pensions as additional separate jobs.): ▼

Check box if you or your spouse held a job this year but are no longer employed in that job.

Check box if you or your spouse contributed to a tax-deferred retirement plan such as a 401(k), this year.

Check box if you or your spouse contributed to a cafeteria or other pre-tax plan such as for health insurance, this year.

Check box if you or your spouse received a scholarship or fellowship grant this year that must be included in gross income.

Select the number of dependents you will claim on your tax return: ▼

Check if:


You will be 65 or older on January 1, 2019 **You** are blind

Spouse will be 65 or older on January 1, 2019 **Spouse** is blind

Withholding Calculator Page 2

Select number of jobs, dependents, etc.

General Information (continued)


Select the total number of jobs in which you and your spouse are currently or will be employed. (Enter military retirement pay or taxable pensions as additional separate jobs.):  **one job**

Check box if you or your spouse held a job this year but are no longer employed in that job.

Check box if you or your spouse contributed to a tax-deferred retirement plan such as a 401(k), this year.

Check box if you or your spouse contributed to a cafeteria or other pre-tax plan such as for health insurance, this year.

Check box if you or your spouse received a scholarship or fellowship grant this year that must be included in gross income.

Select the number of dependents you will claim on your tax return:  **3 children**

Check if:

You will be 65 or older on January 1, 2019 **You** are blind

Spouse will be 65 or older on January 1, 2019 **Spouse** is blind

Withholding Calculator Page 2 (scrolled down)

Enter info about tax credits for which you may be eligible.

Child and Dependent Care Credit

Select the number of qualifying persons for this credit: ▼

If you plan to claim this credit, enter an estimate of work-related child and dependent care expenses:

\$.00

Child Tax Credit

Select the number of qualifying children: ▼

Note: the calculator will also determine the non-child dependent credit for you, based on your total number of dependents and this number of qualifying children.

Earned Income Tax Credit

Select the number of qualifying children: ▼

Other Credits

Enter the total value of other tax credits for which you expect to be eligible: \$.00

Tip: If you claim any of these credits and follow the recommendations at the end of this calculator, the amount of tax withheld from your paychecks will be reduced. This means that you will receive bigger paychecks throughout the year, and a smaller refund when you file your tax return. The summary page at the end of this calculator will show you your expected refund if you have had too much withheld, but it will not reflect any refundable portions of these credits.

Withholding Calculator Page 2 (scrolled down)

Enter info about tax credits for which you may be eligible.

Child and Dependent Care Credit

Select the number of qualifying persons for this credit:

If you plan to claim this credit, enter an estimate of work-related child and dependent care expenses:

\$.00

Child Tax Credit

Select the number of qualifying children:

← all 3 are under 17

Note: the calculator will also determine the non-child dependent credit for you, based on your total number of dependents and this number of qualifying children.

Earned Income Tax Credit

Select the number of qualifying children:

← all 3 are under 19

Other Credits

Enter the total value of other tax credits for which you expect to be eligible: \$.00

Tip: If you claim any of these credits and follow the recommendations at the end of this calculator, the amount of tax withheld from your paychecks will be reduced. This means that you will receive bigger paychecks throughout the year, and a smaller refund when you file your tax return. The summary page at the end of this calculator will show you your expected refund if you have had too much withheld, but it will not reflect any refundable portions of these credits.

Withholding Calculator Page 3

Enter wage income and withholding

Income and Withholding

Wage Income and Withholding

* Enter zero for any amount that does not apply to you.

Enter the gross wages, salary, and tips you expect to receive in 2018. Use the amount of wages, salaries and tips before any taxes, benefits or other items are subtracted. Do not include bonuses. (Enter military retirement or taxable pensions as separate jobs.):

\$ 90000 .00 *

Enter any bonuses you expect to receive in 2018:

\$ 0 .00

Enter the total Federal income tax withheld to date in 2018 (including amounts withheld from bonuses or which you expect to have withheld for bonuses):

\$ 700 .00 *

Enter the Federal income tax withheld from your last salary payment:

\$ 100 .00 *

Select how frequently you are paid:

Every 2 weeks ▼

Select the date closest to when you first held this job in 2018:

January 1 ▼

Select the date closest to when this job will end in 2018:

December 31 ▼

* = required field

Withholding Calculator Page 3 (scrolled down)

Enter nonwage income and tax adjustments information.

Nonwage Income

Enter the total of any other taxable earned income you received or expect to receive in 2018: \$.00

Enter any unemployment compensation you received or expect to receive in 2018: \$.00

Enter an estimate of any other nonwage income (such as dividends or interest received) you expect to receive in 2018.
Do not include amounts you included in earned income above: \$.00

Adjustments

Enter an estimate of your 2018 adjustments to income including deductible IRA contributions and education loan interest: \$.00

Continue

Reset

Start Over

Withholding Calculator Page 4

Enter itemized deductions, if any.

Deductions

If your standard deduction, \$24000, is more than your total itemized deductions, your standard deduction will be used to calculate your withholding. Otherwise, your total itemized deduction amount will be used.

If you want to use your itemized deductions to calculate your withholding, even if they amount to less than your standard deduction, check this box:

Enter an estimate of your 2018 itemized deductions:

Medical and Dental Expenses: \$.00
Taxes You Paid: \$.00
Interest You Paid: \$.00
Gifts to Charity: \$.00
Casualty Losses: \$.00
Other Itemized Deductions: \$.00

Continue

Reset

Start Over

Withholding Calculator Page 5 (Results)

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$1,542. If you do not change your current withholding arrangement, you will have \$2,500 withheld for 2018 resulting in an overpayment of \$958 when you file your return. If you want your withholding to more closely match your anticipated tax, adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 15 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$275. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

This taxpayer is currently being overwithheld slightly.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$1,542. If you do not change your current withholding arrangement, you will have \$2,500 withheld for 2018 resulting in an overpayment of \$958 when you file your return. If you want your withholding to more closely match your anticipated tax, adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 15 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$275. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Here's how to fill out a new Form W-4.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$1,542. If you do not change your current withholding arrangement, you will have \$2,500 withheld for 2018 resulting in an overpayment of \$958 when you file your return. If you want your withholding to more closely match your anticipated tax, adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 15 allowances.
- Check the "Married" box on your [Form W-4](#)

← **15 allowances**

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$275. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Confirmation that this withholding arrangement will meet your need.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$1,542. If you do not change your current withholding arrangement, you will have \$2,500 withheld for 2018 resulting in an overpayment of \$958 when you file your return. If you want your withholding to more closely match your anticipated tax, adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 15 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$275. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

If changing withholding mid-year, need to adjust again next January, particularly if compensating now for overwithholding.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$1,542. If you do not change your current withholding arrangement, you will have \$2,500 withheld for 2018 resulting in an overpayment of \$958 when you file your return. If you want your withholding to more closely match your anticipated tax, adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 15 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$275. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
- If you have additional questions about your withholding, consult your employer or tax advisor.
- Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.

Withholding Calculator Page 5 (Results) (scrolled down)

The last page also confirms the date and most inputs.

Following is a recap of information entered on the preceding pages on which the above advice is based.

Prepared: April 9, 2018

Filing Status: joint	Someone else can claim you as a dependent: no
Number of jobs: 1	Number of dependents: 3
Will you be 65 or older 1/1/2019: no	Are you blind: no
Spouse will be 65 or older on 1/1/2019: no	Spouse blind: no
Child & dependent care credit qualifying persons: 0	Child & dependent care credit expenses: \$0
Child credit qualifying children: 3	EITC qualifying children: 3
Other credits: \$0	
Total salary: \$90,000	Total plans and cafeteria: \$0
Total tax withheld to date: \$700	Total tax withheld from last check: \$100
Total earned income other than salary: \$0	Nonwage income: \$0
Adjustments to income: \$0	Total itemized deductions: \$0
Projected additional withholding if you do nothing: \$1,800	

Start Over

Withholding Calculator Page 5 (Results) (scrolled down)

The last page also confirms the date and most inputs.

Following is a recap of information entered on the preceding pages on which the above advice is based.

Prepared: April 9, 2018

Filing Status: joint	Someone else can claim you as a dependent: no
Number of jobs: 1	Number of dependents: 3
Will you be 65 or older 1/1/2019: no	Are you blind: no
Spouse will be 65 or older on 1/1/2019: no	Spouse blind: no
Child & dependent care credit qualifying persons: 0	Child & dependent care credit expenses: \$0
Child credit qualifying children: 3	EITC qualifying children: 3
Other credits: \$0	
Total salary: \$90,000	Total plans and cafeteria: \$0
Total tax withheld to date: \$700	Total tax withheld from last check: \$100
Total earned income other than salary: \$0	Nonwage income: \$0
Adjustments to income: \$0	Total itemized deductions: \$0
Projected additional withholding if you do nothing: \$1,800	

It's good to print out a copy of the last page to have a record of the inputs and recommendation.

Start Over

B. Those Who Itemized Under Prior Law

- ❖ Since the **standard deduction** is built into the withholding tables, itemizers claim withholding allowances for the extent to which their itemized deductions **exceed** the standard deduction.
- ❖ Since the standard deductions have almost **doubled**, the extent to which itemized deductions exceed the standard deduction will decrease.
- ❖ So, those who claimed allowances for itemized deductions under prior law should claim **fewer allowances** in 2018 for itemized deductions—even if they no longer itemize.

Example 2: Itemizers

Scenario:

- Married, no children
- One job, \$90,000 of wages; no other income
- \$29,000 of itemized deductions

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Itemized deductions over standard deduction	\$16,300		
Allowances for deductions	4		
Income offset by deductions	\$16,200		
Marginal tax rate	15%		
Withholding offset by deductions	\$2,430		

Example 2: Itemizers

Scenario:

- Married, no children
- One job, \$90,000 of wages; no other income
- \$29,000 of itemized deductions

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Itemized deductions over standard deduction	\$16,300	\$16,300	
Allowances for deductions	4	4	
Income offset by deductions	\$16,200	\$16,600	
Marginal tax rate	15%	12%	
Withholding offset by deductions	\$2,430	\$1,992	

Example 2: Itemizers

Scenario:

- Married, no children
- One job, \$90,000 of wages; no other income
- \$29,000 of itemized deductions

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
Itemized deductions over standard deduction	\$16,300	\$16,300	\$5,000
Allowances for deductions	4	4	1
Income offset by deductions	\$16,200	\$16,600	\$4,150
Marginal tax rate	15%	12%	12%
Withholding offset by deductions	\$2,430	\$1,992	\$498

By not completing a new Form W-4, this person is having about \$1,500 **too little** withheld (\$1,992 - \$498).

Polling Question #3

Why should those who itemized in 2017 reduce their withholding allowances in 2018 even if they will no longer itemize (due to the increased standard deduction)?

- A. They shouldn't reduce their withholding allowances at all.
- B. Withholding allowances depend on the extent to which itemized deductions exceed the standard deduction.
- C. They'll have too much withheld if they don't do so.

Example 2: Itemizers

Crosswalk to the Withholding Calculator

Scenario:

- Married, no children
- One job, \$90,000 of wages; no other income
- \$29,000 of itemized deductions

2018 Form W-4 Worksheets: Claim 4 allowances

- 2 for spouses
- 1 for single job
- 1 for itemized deductions in excess of std. dedn. (\$5,000 / \$4,150)

Withholding Calculator:

- Run on April 9: Recommendation of 2 allowances (due to underwithholding so far this year)
- **Recommendation will change** if run later in the year (decreasing time available to make adjustments).
- **Following any mid-year change in withholding, employee should revisit the calculator again the following January.**

Withholding Calculator Page 1



General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No

Continue

Reset

Withholding Calculator Page 2

Select number of jobs, dependents, etc.

General Information (continued)


Select the total number of jobs in which you and your spouse are currently or will be employed. (Enter military retirement pay or taxable pensions as additional separate jobs.):  **one job**

Check box if you or your spouse held a job this year but are no longer employed in that job.

Check box if you or your spouse contributed to a tax-deferred retirement plan such as a 401(k), this year.

Check box if you or your spouse contributed to a cafeteria or other pre-tax plan such as for health insurance, this year.

Check box if you or your spouse received a scholarship or fellowship grant this year that must be included in gross income.

Select the number of dependents you will claim on your tax return:  **0 children**

Check if:

You will be 65 or older on January 1, 2019 **You** are blind

Spouse will be 65 or older on January 1, 2019 **Spouse** is blind

Withholding Calculator Page 2 (scrolled down)

Child and Dependent Care Credit

Select the number of qualifying persons for this credit:

If you plan to claim this credit, enter an estimate of work-related child and dependent care expenses:

\$.00

Child Tax Credit

Select the number of qualifying children:

Note: the calculator will also determine the non-child dependent credit for you, based on your total number of dependents and this number of qualifying children.

Earned Income Tax Credit

Select the number of qualifying children:

Other Credits

Enter the total value of other tax credits for which you expect to be eligible: \$.00

Tip: If you claim any of these credits and follow the recommendations at the end of this calculator, the amount of tax withheld from your paychecks will be reduced. This means that you will receive bigger paychecks throughout the year, and a smaller refund when you file your tax return. The summary page at the end of this calculator will show you your expected refund if you have had too much withheld, but it will not reflect any refundable portions of these credits.

Continue

Reset

Start Over

No children,
no credits

Withholding Calculator Page 3

Enter wage income and withholding information.

Income and Withholding

Wage Income and Withholding

* Enter zero for any amount that does not apply to you.

Enter the gross wages, salary, and tips you expect to receive in 2018. Use the amount of wages, salaries and tips before any taxes, benefits or other items are subtracted. Do not include bonuses. (Enter military retirement or taxable pensions as separate jobs.):

\$ 90000 .00 *

Enter any bonuses you expect to receive in 2018:

\$ 0 .00

Enter the total Federal income tax withheld to date in 2018 (including amounts withheld from bonuses or which you expect to have withheld for bonuses):

\$ 1505 .00 *

Enter the Federal income tax withheld from your last salary payment:

\$ 215 .00 *

Select how frequently you are paid:

Every 2 weeks ▼

Select the date closest to when you first held this job in 2018:

January 1 ▼

Select the date closest to when this job will end in 2018:

December 31 ▼

* = required field

Withholding Calculator Page 3 (scrolled down)

Enter nonwage income and tax adjustments information.

Nonwage Income

Enter the total of any other taxable earned income you received or expect to receive in 2018: \$.00

Enter any unemployment compensation you received or expect to receive in 2018: \$.00

Enter an estimate of any other nonwage income (such as dividends or interest received) you expect to receive in 2018.
Do not include amounts you included in earned income above: \$.00

Adjustments

Enter an estimate of your 2018 adjustments to income including deductible IRA contributions and education loan interest: \$.00

Continue

Reset

Start Over

Withholding Calculator Page 4

This taxpayer has \$29,000 of itemized deductions.

Deductions

If your standard deduction, \$24000, is more than your total itemized deductions, your standard deduction will be used to calculate your withholding. Otherwise, your total itemized deduction amount will be used.

If you want to use your itemized deductions to calculate your withholding, even if they amount to less than your standard deduction, check this box:

Enter an estimate of your 2018 itemized deductions:

Medical and Dental Expenses: \$.00
Taxes You Paid: \$.00
Interest You Paid: \$.00
Gifts to Charity: \$.00
Casualty Losses: \$.00
Other Itemized Deductions: \$.00

Continue

Reset

Start Over

Withholding Calculator Page 5 (Results)

This taxpayer is currently being underwithheld by around \$1,500.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$6,942. If you do not change your current withholding arrangement, you will have \$5,375 withheld for 2018 leaving \$1,567 due when you file your return. You should adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 2 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$125. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- [Click here to download Form W-4.](#)
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Here's how to fill out a new Form W-4.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$6,942. If you do not change your current withholding arrangement, you will have \$5,375 withheld for 2018 leaving \$1,567 due when you file your return. You should adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 2 allowances.
- Check the "Married" box on your [Form W-4](#)

← **2 allowances**

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$125. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Confirmation that this new withholding arrangement will meet your need.

Your Results

Based on the information you previously entered, your anticipated income tax for 2018 is \$6,942. If you do not change your current withholding arrangement, you will have \$5,375 withheld for 2018 leaving \$1,567 due when you file your return. You should adjust your withholding on a new [Form W-4](#) as follows:

- For the only job you entered (which has a projected salary of \$90,000): 2 allowances.
- Check the "Married" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 the expected refund to which you may be entitled, should be about \$125. Following this recommendation to file a new W-4 will ensure that the amount withheld from your wages will cover all of your projected tax liability while minimizing your refund, as long as the information you entered in the calculator remains correct.

Tips:

- Click [here](#) to download [Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

C. Those With Multiple Concurrent Jobs

- ❖ Since the **standard deduction** is built into the withholding tables, it is applied to *each* job, even though they are eligible for just **one** on their tax return.
- ❖ Since the standard deductions have almost **doubled**, this has a bigger effect for dual earners than in the past.
- ❖ The second job is being withheld **starting at the lowest tax bracket**, rather than at the marginal rate of the first job.
- ❖ Both of these causes of underwithholding existed before.
- ❖ **Moderately-high-income singles** in particular will be at risk of being underwithheld without re-filing, though all taxpayers in multiple job households should consider checking their withholdings.

Example 3: Two Jobs

Scenario:

- Single, no children
- Two jobs, \$155,000 & \$40,000 of wages; no other income
- Standard deduction

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
A. Shortfall in withholding due to std. deduction	\$1,562		
B. Shortfall in withholding due to marginal rates	\$2,181		
C. Number of withholding allowances	0		
D. Additional \$ to withhold (per W-4)	\$4,520		
E. Over/(under) withholding [D-(A+B)]	\$777		

Note: assumes additional \$ to withhold in 2017 was set within the last few years.

Example 3: Two Jobs

Scenario:

- Single, no children
- Two jobs, \$155,000 & \$40,000 of wages; no other income
- Standard deduction

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
A. Shortfall in withholding due to std. deduction	\$1,562	\$2,400	
B. Shortfall in withholding due to marginal rates	\$2,181	\$2,683	
C. Number of withholding allowances	0	0	
D. Additional \$ to withhold (per W-4)	\$4,520	\$4,520	
E. Over/(under) withholding [D-(A+B)]	\$777	(\$563)	

Taxpayer's 0 withholding allowances and additional \$ to withhold unchanged.

Example 3: Two Jobs

Scenario:

- Single, no children
- Two jobs, \$155,000 & \$40,000 of wages; no other income
- Standard deduction

Impact of Itemized Deductions on Withholding

	2017	2018	
		No new Form W-4	New Form W-4
A. Shortfall in withholding due to std. deduction	\$1,562	\$2,400	\$2,400
B. Shortfall in withholding due to marginal rates	\$2,181	\$3,083	\$3,083
C. Number of withholding allowances	0	0	0
D. Additional \$ to withhold (per W-4)	\$4,520	\$4,520	\$5,320
E. Over/(under) withholding [D-(A+B)]	\$777	(\$963)	(\$163)

By not completing a new Form W-4, this person will face a **balance due** of \$963 rather than last year's refund of \$777.

Polling Question #4

Why are those with two or more concurrent jobs likely to have too little withheld?

A. The withholding tables give the benefit of the standard deduction to each job.

B. The withholding tables assume that there are no other concurrent jobs.

C. Both A and B

Example 3: Two Jobs

Crosswalk to the Withholding Calculator

Scenario:

- Single, no children
- Two jobs, \$150,000 & \$40,000 of wages; no other income
- Standard deduction

2018 Form W-4 Worksheets:

- Claim 0 allowances
- Have an additional \$5,320 withheld this year.

Withholding Calculator: Run on April 9

- Claim 0 allowances
- Have an additional \$4,975 withheld over the balance of the year, taking into account what has already been withheld.
- **Recommendation will change** if run later in the year (decreasing time available to make adjustments).
- **Following any mid-year change in withholding, employee should revisit the calculator again the following January.**

Withholding Calculator Page 1

General Information

What filing status will you use on your 2018 Income Tax Return?

- Single
- Married filing joint return
- Married filing separate return
- Head of Household
- Qualifying widow(er)

Can someone else claim you as a dependent on his or her tax return?

- Yes
- No


Continue

Reset

Withholding Calculator Page 2

Select number of jobs, dependents, etc.

General Information (continued)


Select the total number of jobs in which you are currently or will be employed. (Enter military retirement pay or taxable pensions as additional separate jobs.):  **2 jobs**

Check box if you held a job this year but are no longer employed in that job.

Check box if you contributed to a tax-deferred retirement plan such as a 401(k), this year.

Check box if you contributed to a cafeteria or other pre-tax plan such as for health insurance, this year.

Check box if you received a scholarship or fellowship grant this year that must be included in gross income.

Select the number of dependents you will claim on your tax return:  **0 children**

Check if:

You will be 65 or older on January 1, 2019 **You are blind**

Withholding Calculator Page 2 (scrolled down)

Child and Dependent Care Credit

Select the number of qualifying persons for this credit:

If you plan to claim this credit, enter an estimate of work-related child and dependent care expenses:

\$.00

Child Tax Credit

Select the number of qualifying children:

Note: the calculator will also determine the non-child dependent credit for you, based on your total number of dependents and this number of qualifying children.

Earned Income Tax Credit

Select the number of qualifying children:

Other Credits

Enter the total value of other tax credits for which you expect to be eligible: \$.00

Tip: If you claim any of these credits and follow the recommendations at the end of this calculator, the amount of tax withheld from your paychecks will be reduced. This means that you will receive bigger paychecks throughout the year, and a smaller refund when you file your tax return. The summary page at the end of this calculator will show you your expected refund if you have had too much withheld, but it will not reflect any refundable portions of these credits.

Continue

Reset

Start Over

No children,
no credits

Withholding Calculator Page 3

Enter wage income & withholding information for both jobs.

Income and Withholding

Wage Income and Withholding

* Enter zero for any amount that does not apply to you.

For each job you now hold (and for each taxable pension you receive)...

Enter the gross wages, salary, and tips you expect to receive in 2018. Use the amount of wages, salaries and tips before any taxes, benefits or other items are subtracted. Do not include bonuses. (Enter military retirement or taxable pensions as separate jobs.):

Job 1	Job 2
\$ 150000 .00 *	\$ 40000 .00 *

Enter any bonuses you expect to receive in 2018:

Job 1	Job 2
\$ 0 .00	\$ 0 .00

Enter the total Federal income tax withheld to date in 2018 (including amounts withheld from bonuses or which you expect to have withheld for bonuses):

Job 1	Job 2
\$ 6936 .00 *	\$ 3500 .00 *

Enter the Federal income tax withheld from your last salary payment:

Job 1	Job 2
\$ 993 .00 *	\$ 500 .00 *

Select how frequently you are paid:

Job 1	Job 2
Every 2 weeks ▾	Every 2 weeks ▾

Select the date closest to when you first held this job in 2018:

Job 1	Job 2
January 1 ▾	January 1 ▾

Select the date closest to when this job will end in 2018:

Job 1	Job 2
December 31 ▾	December 31 ▾

* = required field

Withholding Calculator Page 3 (scrolled down)

Enter nonwage income and tax adjustments information.

Nonwage Income

Enter the total of any other taxable earned income you received or expect to receive in 2018: \$.00

Enter any unemployment compensation you received or expect to receive in 2018: \$.00

Enter an estimate of any other nonwage income (such as dividends or interest received) you expect to receive in 2018.
Do not include amounts you included in earned income above: \$.00

Adjustments

Enter an estimate of your 2018 adjustments to income including deductible IRA contributions and education loan interest: \$.00

Withholding Calculator Page 4

No itemized deductions.

Deductions

If your standard deduction, \$12000, is more than your total itemized deductions, your standard deduction will be used to calculate your withholding. Otherwise, your total itemized deduction amount will be used.

If you want to use your itemized deductions to calculate your withholding, even if they amount to less than your standard deduction, check this box:

Enter an estimate of your 2018 itemized deductions:

Medical and Dental Expenses: \$.00

Taxes You Paid: \$.00

Interest You Paid: \$.00

Gifts to Charity: \$.00

Casualty Losses: \$.00

Other Itemized Deductions: \$.00

Continue

Reset

Start Over

Withholding Calculator Page 5 (Results)

This taxpayer is currently being underwithheld by around \$1,340.

Your Results

Based on your responses, your anticipated income tax for 2018 is \$38,650. If you do not change your current withholding arrangement, you will have \$37,310 withheld for 2018 leaving \$1,340 due when you file your return. To meet your anticipated tax of \$38,650 change your current withholding arrangement by claiming 0 allowances plus an additional amount of \$4,975 for the balance of 2018. Here's how:

- Enter 0 on line 5 of all of your [Forms W-4](#).
- Have \$4,975 withheld over the balance of this year. You may split this amount between your jobs any way you choose, entering on Line 6 of each [Form W-4](#) the additional amount to withhold per paycheck for that job. If you want to spread the additional withholding in proportion to what would otherwise be withheld, then enter the following amounts for the job shown:
 - Job 1 (which has a projected salary of \$150,000): \$242 per paycheck.
 - Job 2 (which has a projected salary of \$40,000): \$34 per paycheck.
- Check the "Single" box on your [Form W-4](#)

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 , your withholding will approximately equal your anticipated tax, and any refund or balance due should be less than \$25.

Tips:

- [Click here to download Form W-4](#).
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Here's how to fill out a new Form W-4.

Your Results

Based on your responses, your anticipated income tax for 2018 is \$38,650. If you do not change your current withholding arrangement, you will have \$37,310 withheld for 2018 leaving \$1,340 due when you file your return. To meet your anticipated tax of \$38,650 change your current withholding arrangement by claiming 0 allowances plus an additional amount of \$4,975 for the balance of 2018. Here's how:

- Enter 0 on line 5 of all of your Forms W-4. ← **0 allowances**
- Have \$4,975 withheld over the balance of this year. You may split this amount between your jobs any way you choose, entering on Line 6 of each Form W-4 the additional amount to withhold per paycheck for that job. If you want to spread the additional withholding in proportion to what would otherwise be withheld, then enter the following amounts for the job shown:
 - Job 1 (which has a projected salary of \$150,000): \$242 per paycheck.
 - Job 2 (which has a projected salary of \$40,000): \$34 per paycheck. ← **additional withholding**
- Check the "Single" box on your Form W-4

Based on the information you entered, if you file a new Form W-4 for the rest of 2018 , your withholding will approximately equal your anticipated tax, and any refund or balance due should be less than \$25.

Tips:

- Click here to download Form W-4.
 - If you have additional questions about your withholding, consult your employer or tax advisor.
 - Be sure to review your withholding at the beginning of 2019 (or any time there is a change in your tax situation). If you follow the above recommendation and do not check your withholding at the beginning of next year, your withholding for 2019 might be incorrect.
-

Withholding Calculator Page 5 (Results)

Confirmation that this new withholding arrangement will meet your need.

Your Results

Based on your responses, your anticipated income tax for 2018 is \$38,650. If you do not change your current withholding arrangement, you will have \$37,310 withheld for 2018 leaving \$1,340 due when you file your return. To meet your anticipated tax of \$38,650 change your current withholding arrangement by claiming 0 allowances plus an additional amount of \$4,975 for the balance of 2018. Here's how:

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-

Other Features of the Withholding Calculator

- ❖ Allows for some **other types of income** and **offsets** to income.
- ❖ Accounts for **withholding to date** (e.g., mid-year).
- ❖ Accounts for **part-year jobs**.
- ❖ Prevents users from entering **unallowable** or **inconsistent** amounts. For example:
 - New \$10,000 limit on state & local deductions
 - Head of Household, but no dependent claimed

Most Important Points

- Most people should check their withholding ASAP to avoid an unexpected outcome for 2018 refund / balance due.
- The withholding calculator helps to guide mid-year changes to withholding (when warranted).
- If you change withholding mid-year to compensate for **under**withholding or **over**withholding during the first part of the year, check in with the calculator the following January to establish the desired full-year withholding arrangement.



Thank You!