



Summer Is A Great Time To Check Your Tax Withholding

The mid-point of the year is a good time for taxpayers to check their federal income tax withholding!

Check your withholding! The IRS encourages all taxpayers to review their federal withholding at least once a year to make sure they're not having too little or too much tax withheld.

Taxpayers whose employers withhold federal income tax from their paycheck can use the [IRS Tax Withholding Estimator](#) to help decide if they should make a change to their withholding. This online tool guides users, step-by-step through the process of checking their withholding, and provides recommendations to help aim for the withholding amount that's right for them.

If any changes to tax withholding are needed, taxpayers should check with their employer to update their withholding or submit a new [Form W-4, Employee's Withholding Certificate](#).

Adjustments to withholding Individuals should generally increase withholding if they hold more than one job at a time or have income from sources not subject to withholding. If they don't make any changes, they will likely owe additional tax and possibly penalties when filing their tax return.

Individuals should generally decrease their withholding if they qualify for income tax credits or deductions other than the basic standard deduction.

Either way, those who need to adjust their withholding must submit the new W-4 information to their employer as soon as possible since withholding occurs throughout the year.

Individuals that we recommend should check their withholding include those:

- Who are working two or more jobs at the same time or who only work for part of the year
- Who claim credits such as the child tax credit with dependents age 17 or older
- Who itemized deductions on prior year returns
- With large tax refunds or large tax bills for the previous tax year

Reasons to use the Tax Withholding Estimator

The IRS Tax Withholding Estimator is a very useful tool as it can help taxpayers 1) Estimate their federal income tax withholding, 2) See how their refund, take-home pay or tax due are affected by withholding amount and 3) Choose an estimated withholding amount that works for them.

Individuals who should NOT use the Tax Withholding Estimator are those:

- Who have a pension but not a job. [Form W-4P, Withholding Certificate for Pension or Annuity Payments](#), should be used to estimate this tax withholding
- Who have nonresident alien status. These individuals should use [Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens](#)
- Whose tax situation is complex. This includes alternative minimum tax, long-term capital gains or qualified dividends

Taxpayers should prepare before using the Tax Withholding Estimator by having pay statements for all jobs, information for other income sources and their most recent income tax return. The tool does not ask for sensitive information such as name, Social Security number, address, or bank account.

If you have any questions regarding proper tax withholding, please do not hesitate to contact one of our Traphagen Tax Professionals.

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