

IRS News Release

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Taxpayers who usually itemize deductions should check their withholding to avoid tax surprises

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WASHINGTON – The Internal Revenue Service encourages taxpayers who typically itemized their deductions on Schedule A of the Form 1040 to use the [Withholding Calculator](#) this year to perform a “paycheck checkup.”

People who have itemized before may be affected by changes from the Tax Cuts and Jobs Act. Taxpayers who itemize should use the IRS [Withholding Calculator](#) to make sure their employers are withholding the appropriate amount of tax from their paychecks for their financial situation.

The law changes are effective in 2018 and affect the tax returns taxpayers will file in 2019. The new law makes a number of major changes, including:

- Limiting the deductions for state and local taxes
- Limiting the deduction for home mortgage interest in certain cases (see [IR-2018-32](#) for more information)
- Excluding deductions for employee business expenses, tax preparation fees and investment expenses, including investment management fees, safe deposit box fees and investment expenses from pass-through entities

The Tax Cuts and Jobs Act nearly doubled standard deductions and changed several itemized deductions. Some individuals who formerly itemized may now find it more beneficial to take the standard deduction, and this could affect how much a taxpayer needs to have their employer withhold from their pay. Also, even those who continue to itemize deductions should check their withholding because of changes made by the new tax law.

The IRS urges taxpayers to complete their “paycheck checkup” as early as possible so that if a withholding amount adjustment is necessary, there’s more time for withholding to take place evenly throughout the year. Waiting means there are fewer pay periods to make the tax changes – which could have a bigger impact on each paycheck.

Having too little tax withheld could result in an unexpected tax bill or penalty at tax time in 2019. Adjusting withholding after a “paycheck checkup” can also prevent employees from having too much tax withheld. With the average refund topping \$2,800, some taxpayers might prefer to have less tax withheld up front and receive more in their paychecks.

Using the Withholding Calculator

When taxpayers use the Withholding Calculator, they can indicate whether they are taking the standard deduction or itemizing their deductions. If they are itemizing, they'll enter estimates of their deductions. The Withholding Calculator applies the new law to these amounts when figuring the user's withholding.

It's helpful if taxpayers have their completed 2017 tax return when using the Withholding Calculator. It can help them estimate the amount of income, deductions, adjustments and credits to enter. They'll also need their most recent pay stubs. These help the calculator compute the employee's withholding so far this year.

Calculator results depend on the accuracy of information entered. If a taxpayer's personal circumstances change during the year, they should return to the calculator to check whether their withholding should be changed.

Employees can use the results from the Withholding Calculator to help determine if they should complete a new [Form W-4](#) and, if so, what information to put on a new Form W-4.

The Withholding Calculator does not request personally-identifiable information, such as name, Social Security number, address or bank account numbers. The IRS does not save or record the information entered on the calculator. As always, taxpayers should watch out for tax scams, especially via email or phone and be alert to cybercriminals impersonating the IRS. The IRS does not send emails related to the Withholding Calculator or the information entered.

Adjusting withholding

Employees who need to complete a new Form W-4 should submit it to their employers as soon as possible. Employees with a change in personal circumstances that reduce the number of withholding allowances must submit a new Form W-4 with corrected withholding allowances to their employer within 10 days of the change.

As a general rule, the fewer withholding allowances an employee enters on the Form W-4, the higher their tax withholding will be. Entering "0" or "1" on line 5 of the W-4 means more tax will be withheld. Entering a bigger number means less tax withholding, resulting in a smaller tax refund or potentially a tax bill or penalty.