



August 15, 2018

Tax Reform Alert: Withholding on Wages

As a result of tax reform passed last December, employees may have seen an increase in their take home pay in February, because the federal income tax withholding tables were modified by the IRS. Your 2018 tax refund or balance due is impacted not only by tax law changes to tax rates and deductions, but also by the amount of taxes that have been paid in on your behalf, including withholding.

While tax rates were generally lowered and tax brackets widened, there were certain exemptions and itemized deductions that were either eliminated or limited. Creating a projection of your 2018 tax liability will help determine if your withholding is being properly calculated. If the projection shows a large enough deficiency, you should fill out a new Form W-4 and provide it to your employer.

Employees use the Form W-4 to help determine how many exemptions they should claim, which is then used by employers to determine how much to withhold. Typically, this form should be updated whenever you experience a significant life change such as getting married or having a child. If you would like to discuss your situation further, please reach out to us.