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IRS Tax Tip 2018-48

Tips for Updating Form W-4 After Doing a Paycheck Checkup

With recent tax law changes, the IRS urges taxpayers to look into whether they need to adjust their paycheck withholding and submit a new Form W-4 to their employer. Taxpayers can use the updated [Withholding Calculator](#) on IRS.gov to do a quick “paycheck checkup” to check that they’re not having too little or too much tax withheld at work.

Taxpayers who use the calculator and determine that they need to change their withholding must fill out a new [Form W-4](#), Employee’s Withholding Allowance Certificate. Employees will submit the completed Form W-4 to their employers.

Here are a few things for taxpayers to remember about updating Form W-4:

- The Withholding Calculator will help determine if they should complete a new Form W-4.
- The calculator will provide users the information to put on a new Form W-4.
- Taxpayers who use the calculator to check their withholding will save time because they don’t need to complete the Form W-4 worksheets. The calculator does the worksheet calculations.
- As a general rule, the fewer withholding allowances a taxpayer enters on Form W-4, the higher their tax withholding. Entering “0” or “1” on line 5 of the W-4 instructs an employer to withhold more tax. Entering a larger number means less tax withholding, resulting in a smaller tax refund or potentially a tax bill or penalty.
- Taxpayers who complete new Form W-4s should submit it to their employers as soon as possible. With withholding occurring throughout the year, it’s better to take this step sooner, rather than later.

People who have too much tax withheld will get less money in their regular paycheck. If those taxpayers change their withholding and enter more allowances on Form W-4, they’ll get more money in their paychecks throughout the year. Employees who have too little withheld are not paying enough taxes throughout the year, and they may face an unexpected tax bill or penalty when they file next year.

The withholding changes do not affect 2017 tax returns due this April. However, having a completed 2017 tax return can help taxpayers work with the Withholding Calculator to determine their proper withholding for 2018 and avoid issues when they file next year.

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