

Check tax withholding

IRS advises using its new calculator on 2018 income

The Associated Press

WASHINGTON — Millions of Americans are now getting bigger paychecks as a result of the new tax law. So the government is issuing an online calculator for figuring whether enough money is being set aside.

The calculator unveiled Wednesday by the Treasury Department and the Internal Revenue Service helps people determine whether they have the correct amount of money withheld by employers from paychecks — to avoid facing a huge tax bill for 2018. The calculator asks taxpayers to estimate their 2018 income and other items that affect their taxes, such as filing status and number of dependents.

The changes reflect the massive Republican tax plan signed into law in December.

Experts advise checking the calculator (available at nwsdy.li/tax) to ensure people have the correct number of withholdings and updating W-4 forms filed with employers. At the same time, experts say, the new calculator doesn't provide a fool-proof reckoning; it helps people estimate their tax obligation to determine the amount that should be withheld.

The heftier paychecks for many showing up in recent



Out with the old tax code. To avoid facing a big bill for 2018, check your paycheck amounts now.

weeks resulted from employers withholding less money in anticipation of lower income taxes under the law.

The calculator was the government's latest burst of information related to the sweeping \$1.5 trillion tax overhaul, the first major rewrite of the tax code in three decades, which took effect Jan. 1. The new law provides steep tax cuts for corporations and wealthy Americans while offering more modest reductions for most low- and middle-income families and individuals.

The calculator is designed to add precision to the income-tax withholding tables issued last month to guide how much employers should set aside as taxes from work-

ers' pay. But the tables reflected only some of the changes under the new tax law.

For example, the new \$10,000 cap on deductions for state and local taxes, including property taxes, may increase tax bills for many residents of higher tax areas including Long Island.

With businesses across the country under a mandate to adopt the payroll withholding changes by Feb. 15, employees started seeing the changes in their paychecks last month.

According to the nonpartisan Tax Policy Center, a middle-income household would, on average, get a tax cut of \$930 this year, lifting its after-tax income by about 1.6 per-

cent. That increase won't be perfectly reflected in paychecks, though, because lower tax withholding on pay is just a piece of a complicated set of changes from the new tax law.

As a result, taxpayers may find they are unintentionally over- or underwithholding for their taxes if they don't do some legwork.

"Employees should also use the calculator every year in order to ensure they continue to have the appropriate withholding," Treasury Secretary Steven Mnuchin said in a statement. "This 'paycheck checkup' is more important than ever and will allow employees to see the tax cuts properly reflected in their withholding."