

## **IRS Withholding Tables Frequently Asked Questions**

**January 2018**

### **Q: Why are these changes being made?**

A: The new withholding tables are needed to reflect the changes in tax rates and tax brackets, increased standard deduction and repeal of personal exemptions that were included in the new tax reform law signed in December. The withholding guidance issued today is for employers to make changes to their payroll systems and is designed to work with existing W-4s that employees have on file.

### **Q: How soon will people see the changes in their paychecks?**

A: Employees should begin to see withholding changes in their checks in February. The exact timing depends on when their employer can make the change and how often they are paid. It typically takes payroll providers and employers about a month to update withholding changes on their systems.

### **Q: Will employees need to take any action to get the new withholding rates?**

A: No. Payroll changes required each year are made by employers and their payroll providers, so employees are not required to take any extra steps. However, employees should review their withholding to make sure that it is accurate. IRS will be releasing a new calculator and Form W-4 soon, to help employees ensure withholding is accurate.

### **Q: What is a withholding table?**

A: A withholding table shows payroll service providers and employers how much tax to withhold from employee paychecks, given each employee's wages, marital status, and the number of withholding allowances they claim.

### **Q: What is a Form W-4?**

A: This is an IRS form that employees provide to their employers, to determine the amount of federal income tax to withhold from the employees' paychecks. The form helps employees adjust withholding based on their personal circumstances, such as whether they have children or a spouse who is also working. The IRS always recommends employees check their withholding any time their personal or financial information changes.

### **Q: Will people need to fill out a new W-4 form right now?**

A: No, the new withholding tables are designed to minimize taxpayer burden as much as possible and will work with the Forms W-4 that workers have already filed with their employers to claim withholding allowances. The IRS is working on revising the Form W-4 to more fully reflect the new law and provide taxpayers information to determine whether they need to adjust their withholding.

### **Q: Is the IRS working on a new Form W-4 to reflect the new tax law?**

A: Yes. The IRS continues to work on more detailed withholding information, which will be available soon in Publication 15 and related publications. In addition, the IRS is working on revising the Form W-4 to more fully reflect the new law and providing taxpayers information to determine whether they need to adjust their withholding. The IRS is also revising the withholding tax calculator on IRS.gov to help employees who wish to update their withholding in response to the new law or other changes in their

personal circumstances in 2018. The IRS anticipates this calculator should be available by the end of February.

**Q: Should people check their withholding after the new 2018 Form W-4 and the withholding calculator are available?**

A: Yes. It's always a good idea for people to check their withholding status. The IRS encourages all taxpayers to check their withholding when the new information is available in February. The IRS will help educate taxpayers about the new withholding guidelines and the calculator. The effort will be designed to help workers ensure that they are not having too much or too little tax taken out of their pay.

**Q: Are some taxpayers at risk of being under-withheld on their taxes with the changes to the withholding tables?**

A: Some people have more complicated tax situations and face the possibility of being under-withheld. For example, people who itemize their deductions, couples with multiple jobs or individuals with more than one job a year will be encouraged to review their tax situations. The IRS will be encouraging people – particularly those with more than one income in their household—to check their withholding. The IRS is updating the 2018 Form W-4 and the IRS.gov withholding calculator to help with this process.

**Q: Are many people under-withheld on their taxes?**

A: Most people are over-withheld on their taxes, meaning that more taxes are held out of their paychecks than what they owe.

**Q: Will the IRS be making further changes to Form W-4 in 2019?**

A: In 2019, the IRS anticipates making further changes involving withholding. The IRS will work with the business and payroll community to encourage workers to file new Forms W-4 next year and share information on changes in the new tax law that impact withholding.