

The IRS has issued an updated Form W-4 and revised the online [withholding calculator](#) for the new tax law. Employees need not complete a new [W-4](#), but many should use the calculator to see if they need to hand in a new one.

The early February withholding tables do not reflect all the changes in the new law, such as the result of trade-offs between lower rates and the loss of some deductions and tax breaks which, for some employees, could result in substantially too little FIT being withheld for 2018. For example, a taxpayer whose taxes might be, say \$500 lower in 2018 because of the new tax law, might have FITW that is \$5,000 lower because of the new IRS withholding tables. If she does not change her withholding, her withheld FIT will be \$4,500 short for 2018.

Other employees may have too much withheld. Those who should definitely use the calculator or at least re-estimate their 2018 taxes are two-income families; individuals who hold more than one job; those with children, especially if they claim the child tax credit; those who have always itemized; high-income taxpayers, including business owners and those with substantial outside income; and those with complex tax returns.

[Tax Notes Today; The Wall Street Journal via AIPB General Ledger, April 2018 issue]