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## ***Taxpayers Can Start The 2022 Tax Year Off Right By Checking Their Withholding***

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One way people can get the new tax year off to a good start is by checking their federal income tax withholding. They can do this using the Tax Withholding Estimator on [www.irs.gov](http://www.irs.gov).

This online tool helps employees avoid having too much or too little tax withheld from their wages. It also helps self-employed people, who have wage income, estimate tax payments that they should make to avoid unexpected results at tax time. Having too little withheld can result in a tax bill or even a penalty at tax time. Having too much withheld results in less money in their pocket. The estimator can help them get to a balance of zero or a desired refund amount.

### **Taxpayers can use the results from the Tax Withholding Estimator to determine if they should:**

- Complete a new Form W-4, *Employee's Withholding Allowance Certificate* and submit it to their employer.
- Make an additional or estimated tax payment to the IRS.

### **The Tax Withholding Estimator asks taxpayers to estimate:**

- Their 2022 income.
- The number of children they will claim for the child tax credit and earned income tax credit.
- Other items that will affect their 2022 tax return when they file in 2023.

The Tax Withholding Estimator does not ask for personally identifiable information, such as a name, Social Security number, address, and bank account numbers. The IRS doesn't save or record the information entered in the Estimator.

### **Before using the Estimator, it can be helpful for taxpayers to gather applicable income documents including:**

- Their pay stubs
- Forms W-2 from employers to estimate their annual income
- Forms 1099 from banks, issuing agencies and other payers including unemployment compensation, dividends, distributions from a pension, annuity or retirement plan
- Form 1099-K, 1099-MISC, W-2 or other income statement for workers in the gig economy
- Form 1099-INT for interest received
- Other income documents and records of virtual currency transactions

These documents are not needed to use the estimator but having them handy will help taxpayers estimate 2022 income and answer other questions asked during the process.

The Tax Withholding Estimator results will only be as accurate as the information entered by the taxpayer. People with only pension income should not use the Estimator.

Those with wage income can account for current or future pension income. People with more complex tax situations should use the instructions in Publication 505, *Tax Withholding and Estimated Tax*. This includes taxpayers who owe alternative minimum tax or certain other taxes, and people with long-term capital gains or qualified dividends.

*Cite: IRS Tax Tip 2022-27, February 17, 2022.*

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