

January 2018

Tax Cuts and Jobs Act

The Internal Revenue Service on Jan. 11 released Notice 1036, which contains updated income-tax withholding tables for 2018. This notice reflects the changes made by the tax reform law enacted at the end of December, informally known as the Tax Cuts and Jobs Act. The IRS also posted a set of Withholding Tables Frequently Asked Questions.

The 2018 withholding tables have been updated in Messiah's payroll system. The new tables are designed to produce the correct amount of tax withholding, avoiding over- and under-withholding of tax as much as possible. Some employees will see increases in their paychecks under the new withholding rates.

Revised Form W-4 in the Works

The new withholding tables are designed to work with the current Form W-4, *Employee's Withholding Allowance Certificate*, which workers have already filed with their employers to claim withholding allowances. Until a new Form W-4 is issued, employees and employers should continue to use the 2017 Form W-4. Employees do not have to do anything at this time.

The IRS, however, is working on revising Form W-4 to reflect changes in the new law regarding available itemized deductions, increases in the child tax credit, the new dependent credit and repeal of dependent exemptions. The new Form W-4 is expected to be issued by the IRS by the end of February.

Withholding Calculator to Be Adjusted

To help employees determine their optimal withholding, the IRS is revising the withholding tax calculator on IRS.gov. The IRS anticipates this calculator should be available by the end of February.

While employees are not required to take any extra steps, the revised calculator can help them to review their adjusted withholding to make sure that it reflects their needs, so they can alter their withholding if necessary.