

Indiana Legal Services, Inc



Using the law to fight poverty, empower clients, and improve access to justice.

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Tips to Avoid Surprises at Tax Time

There are simple steps you can take now to make sure you aren't surprised at tax-time next year. Here are some actions you can take to bring the taxes you pay in advance closer to what you'll owe when you file your tax return:

- **Adjust your withholding.** If you're an employee and you think that your tax withholding will fall short of your total tax liability, you may be able to avoid an unexpected tax bill by increasing your withholding. If you are having too much tax withheld, you may get a larger refund than you expect. In either case, you can complete a new Form W-4, Employee's Withholding Allowance Certificate, and give it to your employer. If you feel you will be short, enter the added amount you want withheld from each paycheck until the end of the year on Line 6 of the W-4 form. You usually can have less tax withheld by increasing your withholding allowances on line 5. You can use the IRS Withholding Calculator tool on IRS.gov to help you fill out the form.
- **Change tax withholding with life events.** You may need to change the taxes you pay when certain life events take place. Getting married or having a baby can change the amount of taxes you owe. When they happen you can submit a new Form W-4 at work or change your estimated tax payment. If you receive the Advanced Premium Tax Credit to pay for healthcare, and you purchased your insurance through the Marketplace, you may need to update your information to ensure that your Premium Tax Credit is calculated correctly.
- **Be accurate on your W-4.** When you start a new job, you typically fill out a Form W-4 if you are an employee. It's important for you to accurately complete the form. For example, special rules apply if you work two jobs or you claim tax credits on your tax return. Your employer will use the form to figure the amount of federal income tax to withhold from your pay.
- **Pay estimated tax if required.** If you get income that's not subject to withholding, you may need to pay estimated tax. This may include income, such as self-employment, interest or rent. If you expect to owe \$1,000 or more in tax, and meet other conditions, you may need to pay this tax. You normally pay the tax four times a year. Use Form 1040-ES, Estimated Tax for Individuals, to figure and pay the tax.

For more information, see Publication 505, Tax Withholding and Estimated Tax. You can get it and IRS forms on IRS.gov, or call 800-TAX-FORM (800-829-3676) to get them by mail.

Links:

[Use the Premium Tax Credit Change Estimator tool](#)

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<http://www.indianalegalservices.org/avoid-tax-surprises>

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