Understanding the W2 and Withholding Checkups

Payroll Topics

- Earnings Statement Basics
- Understanding the W2
  - compared to your earnings statement
- Paycheck Withholding Checkups
  - Why you want to consider doing one
HR is not a Tax Advisor

- UW System provides information related to the W2 and earnings statement
- Payroll Checkup information was obtained via CUPA-HR
  - College and University Professional Association for Human Resources
- Human Resources staff are unable to provide you specific tax advice. You must work directly with a tax advisor.
Exploring Your Earnings Statement

https://uwservice.wisconsin.edu/help/earnings-statement/

Understanding Your W2

W2 versus Earnings Statement Review:

https://uwservice.wisconsin.edu/docs/publications/tax-w2-overview.pdf
Paycheck Withholding Checkup

Why Conduct a Paycheck Checkup?
- Protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time next year
- Avoid too much withholding; you can receive more in your paychecks
- Some law changes in the Tax Cuts and Jobs Act may affect your withholding
  - Most employees will be impacted by these law changes

Key Changes in tax Law Affecting Withholding

- Generally lower tax rates
- **Standard deductions** almost doubled
  - Single: $6,350 → $12,000
  - Head of Household: $9,350 → $18,000
  - Married-Joint: $12,700 → $24,000
- Exemptions eliminated
- **Child Tax Credit** increased from $1,000 to $2,000 per child and eligibility expanded
- New **credit for other dependents** of $500/dependent
- Changes to allowable **itemized deductions**
  - Ex: mortgage interest, charitable contributions, unreimbursed medical expenses

www.irs.gov/taxreform
www.irs.gov/payments/tax-withholding

Do a “Paycheck Checkup”
Use the Withholding Calculator to make sure you have the right amount of tax...

Calculator is only for Federal withholdings
Not for State withholding or Social Security/Medicare
What Do I Need to Complete Calculation?

- Most recent pay stubs (month)
- Most recent income tax return
- Tax Filing Status for future income tax return
  - Can someone else claim you as a dependent on his/her tax return
  - Number of jobs you have had
  - If you contribute to tax-deferred retirement plan
  - If you contribute to cafeteria or other pre-tax plan (health)
  - Number of dependents you will claim on tax return
  - Will be 65 or older or if you are blind

Key Takeaways for Paycheck Checkups

- Recommend Employees conduct a paycheck checkup in 2019 as forecast for entire year

- Complete a new W4 and send to Human Resources if wish to change withholdings
Resources

- **Human Resources**: [https://uwosh.edu/hr/](https://uwosh.edu/hr/)
  - Payroll Information is found under Current Employees
    - By Employment Type: Faculty, Academic Staff, University Staff, Student Employees
    - Then Payroll & Leave section - [https://uwosh.edu/hr/current-employees/](https://uwosh.edu/hr/current-employees/)

- **UW System Service Center**: [https://uwservice.wisconsin.edu/](https://uwservice.wisconsin.edu/)
  - Tax Filing: [https://uwservice.wisconsin.edu/tax/filing-resources.php](https://uwservice.wisconsin.edu/tax/filing-resources.php)
  - Exploring Your Earnings Statement: [https://uwservice.wisconsin.edu/help/earnings-statement/](https://uwservice.wisconsin.edu/help/earnings-statement/)

- **Internal Revenue System (IRS)**: [https://www.irs.gov/](https://www.irs.gov/)

- **WI Department of Revenue (DOR)**: [https://www.revenue.wi.gov/](https://www.revenue.wi.gov/)
  - If you do not claim taxes in Wisconsin you can use a search engine to refer to your own state’s DOR