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Peter Franchot  
*Comptroller*

Dhiren V. Shah  
*Director*  
Central Payroll Bureau

TO: All State Employees

FROM: Dhiren V. Shah, Director  
Central Payroll Bureau 

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SUBJECT: IRS encourages all employees to use the 'IRS Withholding Estimator'

The IRS encourages everyone to use the IRS Withholding Estimator to perform a quick “**paycheck checkup.**” This is even more important because of changes in tax law as modified by Tax Cut and Job Act.

**The Estimator helps you identify your tax withholding to make sure you have the right amount of tax withheld** from your paycheck at work.

There are several reasons to check your withholding:

- Checking your withholding can help protect against having too little tax withheld and facing an unexpected tax bill or penalty at tax time next year.
- At the same time, you may prefer to have less tax withheld up front, so you receive more in your paychecks and get a smaller refund at tax time.

If you are an employee, the Withholding Estimator helps you determine whether you need to give your employer a new [Form W-4](#) (POSC login page, Option - Update Address / W4 (Tax Withholding)). You can use your results from the Estimator to help fill out the form and adjust your income tax withholding.

#### **Plan Ahead: Tips For Using This Program**

The Estimator will ask you to provide filing status, estimate values of your 2020 income from a variety of sources, adjustments, deductions to reduce the amount of your income subject to income tax, tax credits to subtract directly from your tax obligation, and other items that will affect your 2020 taxes. This process will take a few minutes.

- Gather the most recent pay statements for yourself, and if you are married, for your spouse too.
- Gather information for other sources of income you may have.
- Have your most recent income tax return handy.
- Use whole dollar amount in the estimator
- Keep in mind that the Tax Withholding Estimator's results will only be as accurate as the information you enter.
- The Withholding Estimator does not ask you to provide sensitive personally-identifiable information like your name, Social Security number, address or bank account numbers. The IRS does not save or record the information you enter on the Estimator.

**IMPORTANT NOTE:** The Withholding Estimator works for most taxpayers. 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.

**Withholding Estimator**

<https://apps.irs.gov/app/tax-withholding-estimator>

**To Change Your Withholding:**

- Use your results from the Estimator to help you complete a new [Form W-4](#), (POSC login page, Option - Update Address / W4 (Tax Withholding), and
- Submit the completed Form W-4 to your employer as soon as possible. Withholding takes place throughout the year, so it's better to take this step as soon as possible.

**Special Note for 2021:** If you follow the recommendations at the end of this Estimator and change your withholding for 2020, the IRS reminds you to be sure to recheck your withholding at the start of 2021. This is especially important if you reduce your withholding sometime during 2020. A mid-year withholding change in 2020 may have a different full-year impact in 2021. So, if you do not file a new Form W-4 for 2021, your withholding might be higher or lower than you intend. To help protect against having too little withheld in 2021, we encourage checking your withholding again early in 2021.

If you have additional questions about your withholding, consult your employer or tax advisor.