

EMPLOYEE EDUCATION CORNER



Confused About How the New Tax Law Affects You?

You may need to reconsider how you file your return

In 2018, the most significant changes to U.S. individual taxes since 1986 took effect. Many taxpayers were happy with their increased paychecks during the year, but were then surprised that they had taxes to pay or a smaller refund at year-end than in previous years. Now that there's more clarity in the rules, and a better understanding of how the Tax Cuts and Jobs Act affects your personal tax situation, you may want to adjust your withholding to reflect the changes.

Your paycheck

The following table presents seven tax brackets under the current law for the year 2019.

Tax Rate	Married Filing Joint	Individual
10%	\$0 to \$19,400	\$0 to \$9,700
12%	\$19,400 to \$78,950	\$9,700 to \$39,475
22%	\$78,950 to \$168,400	\$39,475 to \$84,200
24%	\$168,400 to \$321,450	\$84,200 to \$160,725
32%	\$321,450 to \$408,200	\$160,725 to \$204,100
35%	\$408,200 to \$612,000	\$204,100 to \$510,300
37%	\$612,000 or more	\$510,300 or more

All tax rates and brackets will sunset on December 31, 2025 (meaning that Congress will need to act to keep or change the rates). However, whatever rates are then in effect will adjust each year to account for rising costs of goods and services.

Bottom line: If you were upset by this year's refund or tax bill, consider changing your withholding to prevent a repeat in the 2019 tax year. Check with your company's human resources or payroll departments to make sure you are withholding the correct amount based on the new tax brackets

If you have any questions about this information, don't hesitate to give us a call, or to get in touch with your tax preparer.



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