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Withholding Check-Up

How to avoid surprises next April

As tax season approaches, deductions, tax credits, and refunds are likely top of mind. But one of the most effective ways to avoid an unpleasant surprise next April happens long before you file your return: reviewing your tax withholding.

Whether you work with a tax professional or file on your own, making sure your withholding reflects your current income, household circumstances, and stage of life can help you steer clear of an unexpected tax bill – or an unnecessarily large refund that ties up cash throughout the year.

In this article, we explain what tax withholding is, when it makes sense to review it, and how a proactive check-up with your advisor can help you better manage your tax situation in the year ahead.

What is Tax Withholding and How Does It Work?

Tax withholding is the process by which your employer deducts taxes from each of your paychecks and sends them directly to federal, state, and/or local government on your behalf. These deductions generally include federal income tax, Social Security tax, Medicare tax, and any applicable state or local taxes.

The amount of federal income tax withheld from your paycheck is primarily based on how you complete Form W-4 (the Employee's Withholding Certificate). While Social Security and Medicare taxes are withheld at fixed rates, your W-4 helps determine how much income tax your employer withholds based on your filing status, household income, dependents, and other relevant factors.

Importantly, your withholding elections are not permanent. You can update your W-4 at any time, especially after major life changes – such as starting a new job, a change in income for you or your spouse, marriage or divorce, or the birth or adoption of a child. Changes in tax law may also warrant a review.

Tax Withholding vs Estimated Taxes

If you are self-employed or earn income that is not subject to employer withholding (and therefore do not have paycheck deductions), you are generally responsible for paying estimated taxes directly to the IRS quarterly. Unlike employer withholdings, this is a self-managed process that often requires more proactive planning. Income fluctuations, new deductions, or changes in expenses can all affect how much should be set aside each quarter.

Below is the standard IRS schedule for estimated quarterly tax payments:

Payment Period	Due Date
January 1 – March 31	April 15
April 1 – May 31	June 15
June 1 – August 31	September 15
September 1 – December 31	Jan. 15* of the following year

Source: *Individuals 2* | Internal Revenue Service. (n.d.). Retrieved January 15, 2026, from <https://www.irs.gov/faqs/estimated-tax/individuals/individuals-2>

Estimated taxes typically cover federal income tax and self-employment tax, which includes Social Security and Medicare. These payments are usually submitted using Form 1040-ES vouchers or through the IRS's electronic payment systems.

What is Tax Withholding and How Does It Work?

The IRS recommends reviewing your withholding at least once a year, as well as whenever there is a significant change in your financial or personal situation. Making adjustments earlier in the year gives you more flexibility and reduces the likelihood of owing taxes or penalties when you file.

Life events that may warrant a withholding check include:

- Starting or leaving a job
- Taking on a second job or side income
- Getting married or divorced
- Having or adopting a child
- Experiencing a significant change in household income

These changes can affect your filing status, total household income, tax bracket, or eligibility to claim dependents. If you file jointly and your spouse's income changes, that can also impact your overall tax situation.

How to Adjust Your Tax Withholding

To change your tax withholding, contact your company's HR or payroll department. They can provide you with a new Form W-4 to complete and submit.

Before updating your W-4, it's important to do a bit of preparation. The current W-4 no longer uses withholding "allowances." Instead, it focuses on factors such as your filing status, whether you or your spouse have multiple jobs, any dependents or tax credits you may claim, other sources of income, and any additional withholding you want taken from each paycheck.

You can use the [IRS's Tax Withholding Estimator](#) to estimate how much federal income tax should be withheld. This online tool can also help you determine how different withholding amounts may affect your refund, take-home pay, or potential tax due. When you enter accurate information – including recent pay stubs (yours and your spouse's, if applicable), your most recent tax return, and details about other income such as side work, self-employment, or investments – the results can provide reliable guidance.

Once you complete and submit an updated W-4 to your employer, changes may take one or two pay periods to be reflected in your paycheck, so it's a good idea to review your pay stubs afterward to confirm the adjustment had the intended effect.

Depending on where you live, you may also need to update a separate state withholding form, as state tax systems and requirements vary.



final thoughts: withholding as part of a bigger picture

Properly balancing your tax withholding may seem like a small detail, but it plays a meaningful role in your broader financial plan. Withholding decisions can influence cash flow, savings opportunities, and how prepared you feel going into each tax season.

Beyond using the IRS's Tax Withholding Estimator, your financial advisor can help you evaluate whether you're under-withholding or over-withholding – especially if your situation includes more complex factors like business ownership or earning income from multiple sources.

As you look ahead to the next tax season, now may be a good time to schedule a conversation with us. We can proactively assess the factors influencing your tax situation, identify potential planning opportunities, and help ensure your withholding strategy supports your long-term financial goals – not just your next tax return.





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440 MAMARONECK AVENUE, SUITE 506
HARRISON, NY 10528

(914) 825-8630
HIGHTOWERWESTCHESTER.COM

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