H&R Block personalizes analysis of tax reform impact

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Taxpayers can get a forward look of tax reform impact on their 2018 tax returns

KANSAS CITY, Mo., Feb. 07, 2018 (GLOBE NEWSWIRE) -- In their offices nationwide, H&R Block (NYSE:HRB) is giving clients a forward look review to show them how the tax reform legislation Tax Cuts and Jobs Act (TCJA) will impact them. While withholding changes have started affecting paychecks, the amount of take-home pay is just one piece of the financial picture that taxpayers need to understand the impact of tax reform and plan for its many changes.

“There are many variables in the tax reform law that make it difficult for taxpayers to know how everything will come out in the end,” said Kathy Pickering, vice president of regulatory affairs and executive director of The Tax Institute at H&R Block. “Our personal analysis will not only show if you’ll pay more or less taxes next year. It will also forecast your impact to help you determine how to adjust your W-4 for the outcome you want.”

Personalized analysis helps taxpayers know how to adjust their W-4

The personalized review evaluates these variables to estimate what a taxpayer’s liability might be in tax year 2018 compared to tax year 2017. Based on this information, a taxpayer might choose to adjust their employer withholdings by updating their W-4 or change the amount of quarterly estimated tax payments they make.

“Before you start changing your W-4s, you need to know what tax liability you can expect in 2018,” said Pickering. “This review, along with the expert guidance of our tax professionals, will give you what you need to make the changes to your W-4 so you don’t get surprised next year.”

For example, a single taxpayer with no kids and a $35,000 salary could get a $600 refund this year for his 2017 tax return. This month, because of the withholding table changes, his semi-monthly paycheck will automatically increase $32. But when he files his 2018 tax return next year, he would get a $500 refund, $100 less than he received for 2017. Even though his overall tax liability has decreased by roughly $650, he will get a smaller refund than in 2017. If he would like that $650 as a refund rather than in $32 installments over the year, he will need to update his W-4 with his employer to increase his withholding.

On the other hand, a family of four with a salary of $90,000 got a $780 refund this year. Their semi-monthly paychecks will increase $61 starting this month. Even with this increase in their paychecks, when they file next year, they will get a $2,000 refund. If they would like that $2,000 during the year, they will need to update their W-4s to decrease their withholding.

Personalized analysis helps taxpayers evaluate their tax lives

The review can also help taxpayers find the specific ways the tax reform law impacts them and determine how they can adapt. For example, if they have large unreimbursed employee expenses, which are no longer deductible under the tax reform law, they might want to talk to their employer about options to compensate them considering the loss of that tax benefit.

The analysis can also clarify their specific situation. For example, many taxpayers are concerned about the $10,000 limit on itemizing state and local taxes. The review might show them that even though they may not be able to deduct all their 2018 state and local taxes, they might get a better tax outcome in 2018 than in 2017, due to an increased standard deduction, more favorable tax rates or a larger child tax credit. For example, a family of four in San Diego with $12,000 in state and local taxes would still save almost $3,600 because of the other tax reform changes that impact them more favorably.

“The personalized review gives taxpayers the bottom line, paired with the expert guidance of a tax professional to explain what goes into that number so they can make the best decisions for their unique situation,” said Pickering.

For more information or to schedule a tax appointment which includes their own personalized analysis of tax reform’s impact, visit www.hrblock.com.

About H&R Block
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