



## Bigger paychecks or bigger refund? Free H&R Block tax reform checkup helps taxpayers get the outcome they want

July 16, 2018

### Acting now makes tax changes more meaningful and avoids surprises

KANSAS CITY, Mo., July 16, 2018 (GLOBE NEWSWIRE) -- Although most taxpayers saw tax reform change their paychecks earlier this year, many still aren't sure about the new tax bill's impact in the end when they file their tax return. These taxpayers now have one more reason to visit a tax professional during the summer months: H&R Block's (NYSE:HRB) free tax reform checkup service. This service will help taxpayers identify if they are on track for a larger or smaller tax refund, or tax bill, than usual and how changes to their paychecks or financial or family situations can affect that outcome.

"You see the impact of tax reform in two places: your paycheck throughout the year and your refund or tax bill in April. Most people focus on the refund, but you don't want to forget about your paycheck. In some cases, the increases you saw in your paycheck might be eating up all the benefit of tax reform – and then some – so that your refund will be smaller or even turn into a tax bill, along with penalties and interest," said Kathy Pickering, vice president of regulatory affairs and executive director of The Tax Institute at H&R Block.

In February, the IRS updated the tables employers use to calculate how much tax to withhold from an employee's paycheck, which widely resulted in increased paychecks and decreased taxes. Paying less tax than in previous years while tax liability remains the same or increases sets up the possibility for smaller refunds, larger tax bills and potentially penalties and interest.

#### Tax reform impact puzzling for those with lower taxes but same refund

A single taxpayer with no kids and a \$35,000 salary with one withholding allowance would have received a \$600 refund when he filed his 2017 tax return. Because of the withholding table changes in late February 2018, his semi-monthly paycheck automatically increased \$32 in March. When he files his 2018 tax return next year, he will get a \$600 refund, about the same as he received for 2017. Even though his overall tax liability has decreased by over \$650, he will not get a larger refund in 2018. If he would like that \$650 tax savings as an additional 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, not all tax reform surprises are negative. A family of four with a combined salary of \$100,000 and five withholding allowances received a \$2,000 refund for 2017. Because of the new withholding tables, their semi-monthly paychecks increased \$83. However, even though no changes were made to their W-4s, the family's refund increased to over \$3,300 because of the higher child tax credit.

"Even if you owe less tax than you're currently on track to pay, it's still better to know that money is coming than to have it fall in your lap next spring," said Pickering. "You might need that money in your paychecks. And remember, while you might owe interest if you don't pay enough taxes, the IRS isn't going to pay interest if they withhold too much. It's up to you to make sure you're withholding the right amount for your unique situation."

#### H&R Block offers free tax reform checkup

To help taxpayers understand the specific impact tax reform has on their personal tax liability and whether their withholdings will get them the outcome they desire next tax season, H&R Block is offering free tax reform checkups at participating offices. Tax filers will need to bring their 2017 tax return and documents, as well as a current paystub, for their checkup.

"A free tax reform checkup is a chance to look back at 2017 to make sure the return is correct, look ahead to what your 2018 tax liability will be when you file in early 2019, and then look now to your withholdings to make sure you're on track to get what you want when you file," said Pickering. "The earlier you do this, the subtler the changes you can make to influence your final tax outcome. For example, if you realize you're going to come up short and change your withholding now, you can spread that out over six months in as many as a dozen or so paychecks."

Anyone can go online or call 1-800-HRBLOCK to [schedule a free tax reform checkup](#).

#### About H&R Block

H&R Block, Inc. (NYSE:HRB) is a global consumer tax services provider. [Tax return preparation](#) services are provided by professional tax preparers in approximately 12,000 company-owned and franchise [retail tax offices](#) worldwide, and through H&R Block [tax software products](#) for the DIY consumer. H&R Block also offers adjacent Tax Plus products and services. In fiscal 2018, H&R Block had annual revenues of over \$3.1 billion with over 23 million tax returns prepared worldwide. For more information, visit the [H&R Block Newsroom](#).

#### For Further Information

Susan Waldron, 816-854-5522, [susan.waldron@hrblock.com](mailto:susan.waldron@hrblock.com)



Source: HRB Tax Group, Inc.