

Have You Checked Your Withholding Lately?

Did you receive a large tax refund or owe a large balance due on your 2013 income tax filing? If so, it may be time for you to check your withholding. Changing your withholding is as simple as filing a new Form W-4 with your employer.

The smart taxpayer will calculate withholding to be as close to the actual amount 2014 tax liability will end up being. That will prevent you from being penalized for underpayment and from giving the IRS interest-free use of your money for a year.

Keep these general rules in mind. You will not face an underpayment penalty if you pay for 2014, through withholding or quarterly estimated payments, at least 100% of your 2013 tax liability (110% if your adjusted gross income for 2013 is over \$150,000), or if you pay at least 90% of what you will owe for 2014.