



YEAR-ROUND TAX PLANNING IS FOR EVERYONE

Just because you filed your tax return, it doesn't mean you don't need to think about taxes for the rest of the year. What you do during the year may affect any tax you could owe or refund you may expect next year.

Check your tax withholding throughout the year

Since federal taxes operate on a pay-as-you-go basis, you need to pay most of your tax during the year as you earn income. If you don't pay your tax through withholding, or don't pay enough tax that way, you might have to pay estimated tax. It's a good idea to make sure you're not having too little tax withheld, which could lead to a smaller than expected refund or even a tax bill. Or, you may want to check that you aren't having too much tax withheld, if having that extra money in each paycheck is more helpful than getting a larger refund when you file. Use the [IRS Tax Withholding Estimator](#) to check your withholding when personal or financial information changes occur due to a life event, like getting married or divorced, having a baby or getting a raise at work. You'll need to give your employer an updated [Form W-4](#) to change how much tax is withheld from your paycheck.

Some taxpayers earn income not subject to withholding. For small business owners and self-employed people—including gig economy workers—this can mean making quarterly [estimated tax payments](#).

Organize your tax records

Develop a recordkeeping system—electronic or paper—that keeps your important information together. Add tax records to the files as you receive them. This includes year-end Forms W-2 from employers, Forms 1099 from banks and other payers, other income documents and records of virtual currency transactions. Having records organized makes preparing a tax return easier. It may also help you discover potentially overlooked deductions or credits. [Notify the IRS](#) if your address changes and [notify the Social Security Administration](#) of a legal name change to avoid a delay in processing your tax return.



View your account information online

Securely create or log in your individual tax account online at [IRS.gov/account](#) to access the latest information available about your federal tax account. You can also make payments or see your balance, payment plan details and scheduled payments.

Life events can affect your taxes

Life events, such as purchasing a home, going to college or losing a job, may make you eligible for certain tax benefits. Other circumstances, such as getting married or divorced, welcoming a child or experiencing the death of a spouse or a dependent you claim, could also affect your tax benefit eligibility and filing status. To learn more about managing your taxes after a life event, visit [IRS.gov/lifeevents](#).

Know how Adjusted Gross Income (AGI) affects your taxes

Your AGI and tax rate are important factors in figuring your taxes. AGI is your income from all sources minus any adjustments or deductions to your income. Generally, the higher the AGI, the higher the tax rate, and the more tax you pay. Tax planning can include making changes during the year that can lower your AGI. There are several ways to reduce your AGI, including contributing to a retirement account or Health Savings Account, claiming educator expenses if you're a qualifying educator, and paying student loan interest.

Be prepared to claim tax credits and deductions

Taxable income is what's left over after you subtract any eligible **deductions** including your **standard deduction**, from your Adjusted Gross Income. Most people take the standard deduction, but some may choose to itemize deductions because it could lower their taxable income even more. As a general rule, if your itemized deductions are greater than the standard deduction, you should itemize. Use the **Interactive Tax Assistant** to see whether itemizing is right for you.

Taxpayers can subtract **tax credits** from the total amount of tax. You may qualify for credits, like the Earned Income Tax Credit, Child and Dependend Care Credit, Child Tax Credit and the **Credit for Qualifying Children and Other Dependents**. Families with students may qualify for the American education credits. Properly claiming these tax credits can reduce taxes owed and boost refunds, so you should see if you qualify. Keep records that show your eligibility for credits you claim. This includes agency letters about advance credit payments you receive.

Save for retirement

Retirement savings can also lower your AGI.

Contributing money to a retirement plan at work, like a 401(k) plan, can reduce your AGI. Investing in a traditional IRA plan is another way to save for retirement and lower taxable income. Self-employed SEP, SIMPLE, and qualified plans are also retirement options that can lower AGI.

Stay connected with the IRS

The official IRS website is IRS.gov. The IRS has several ways you can stay updated on important tax information that may help with tax planning. Download the **IRS2Go** mobile app, watch **IRS YouTube** videos and subscribe to **IRS e-newsletters**. The IRS has a presence on **social media** - **Twitter**, **Facebook**, **LinkedIn** and **Instagram** - for the latest updates on tax changes, scam alerts, initiatives, products and services.

Tax prep checklist

Gather these items prior to filing your tax return

- Social Security numbers for you, your spouse and dependents
- An Individual Taxpayer Identification Number assignment letter may be substituted for you, your spouse and your dependents if you do not have a Social Security number
- Birth dates for you, your spouse and dependents on the tax return
- Wage and earning statements (Form W-2, W-2G, 1099-R, 1099-Misc) from all employers, issuing agencies or payers, including Form 1099-G, Certain Government Payments, for any taxable unemployment compensation
- Interest and dividend statements from banks (Forms 1099)
- A copy of last year's federal and state returns, if available
- Bank account routing and account numbers for direct deposit
- Total paid for daycare expenses and the daycare provider's tax number, such as their Social Security number or business Employer Identification Number
- Form 1095-A, Health Insurance Marketplace Statement
- Letter 6419, 2021 advance Child Tax Credit payments and Letter 6475, 2021 Economic Impact Payment

Get Banked to speed refunds with direct deposit

The fastest way for you to get your tax refund is by filing electronically and choosing direct deposit.

Direct deposit gives you access to your refund faster than a paper check. Don't have a bank account? Learn how to open an account at an **FDIC-Insured bank** or through the **National Credit Union Locator Tool**.

If you are a Veteran, see the **Veterans Benefits Banking Program (VBBP)** for access to financial services at participating banks.

