

United Way of Greater
Richmond & Petersburg

Tax Season Update – February 19, 2019

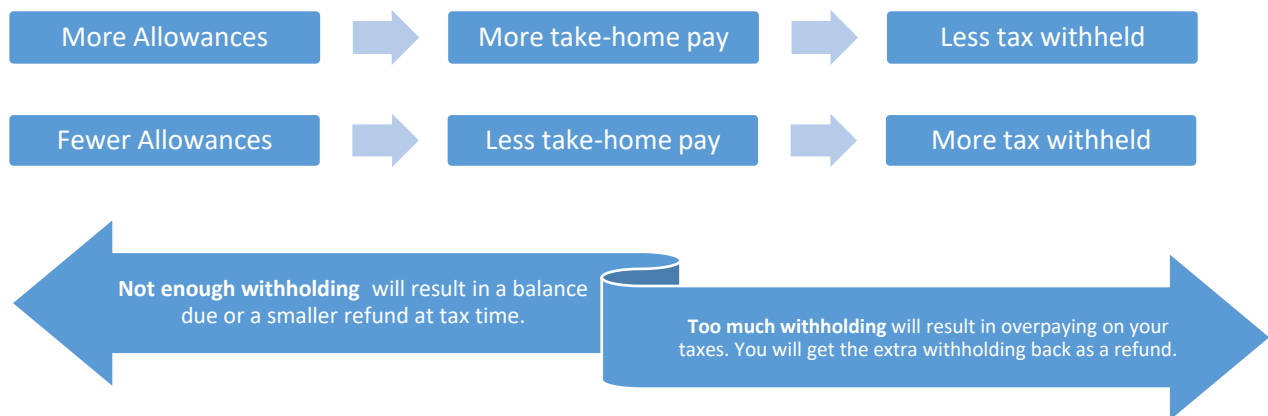
Federal

In 2017, Congress passed the largest piece of tax reform legislation in more than three decades. As a result of the Tax Cuts and Jobs Act (TCJA), there are some [big changes](#) to tax law for 2018 taxes. Almost all taxpayers will be impacted by the changes, which include:

- New tax brackets for the 2018 tax year
- The new, higher standard deduction means fewer taxpayers will itemize their deductions
- Suspension of personal and dependent exemptions
- Increase in Child Tax Credit (\$2,000 each versus \$1,000 in 2017) and eligibility (social security number required)
- New Family Tax Credit, also known as the Credit for Other Dependents

Now is a good time for a paycheck check-up.

Most of us are responsible for paying taxes that we either pay ourselves or through our paychecks using a W-4 form. This form tells your employer how much tax to withhold from your paycheck.



Graphic credit: Prepare and Prosper (<http://prepareandprosper.org/wp-content/uploads/2017/10/W-4-handout-Eng-2019.pdf>)

We encourage everyone to do a paycheck check-up to make sure they are withholding the right amount of tax from each paycheck. Visit the IRS' website (<https://www.irs.gov/individuals/irs-withholding-calculator>) to start your paycheck check-up.

Virginia

Virginia's tax season officially began on Monday, Jan. 28, 2019 and as of Tuesday, Feb.19, 2019, Virginia has started processing tax returns and issuing refunds.

Legislation updates:

- The Virginia General Assembly determined the Commonwealth's response to the federal Tax Cuts and Jobs Act (TCJA) and [has confirmed](#) it will use many changes from the TCJA.
- Based on new legislation, many, but not all, Virginia tax filers will receive checks up to \$110 (\$220 for married individuals filing jointly) later this year.
 - If tax filers have state income tax liability below \$110 (\$220 for married individuals filing jointly) after all deductions and credits, they will receive a check.
 - If tax filers have state income tax liability of zero, they will not receive a check.

What this means for taxpayers:

- Tax returns are being processed in the order they were received by the Virginia Department of Taxation (also known as Virginia Tax).
- Due to the large backlog of returns that have already been submitted, you will experience slower turnaround times for refunds compared to past years.
- You can now check on your return or refund status through the "[Where's My Refund](#)" online tool or by calling the customer service hotline at (804) 367-2486. Customers will need to enter their Social Security Number, exact refund dollar amount and tax year when using this tool.

Be smart while you wait for your refund.

We know it can be hard to wait to receive a tax refund from Virginia. As always, United Way encourages taxpayers to make smart financial decisions. This includes:

- **Do not overspend in anticipation of receiving a refund from Virginia.** Maintain budget discipline and try not to plan ahead for a refund you have not received.
- **Stay away from short-term loans, payday loans or other similar services.** These loans often feature high interest rates and terms that can create problems down the road.
- **Make a plan to save your tax refund.** It is good not to overspend in anticipation of a refund, but it is even better to plan to save your refund once it comes. Learn more here: <https://www.yourunitedway.org/staff-insights/saving-your-tax-refund/>