



Income tax is the portion of your earnings and other income that is owed to the government.

What

During the year, part of each paycheck is generally withheld and used to pay your income taxes.

At tax time

At tax time, your tax advisor will calculate how much tax you actually owed for the previous year and compare it with what you paid through withholding or any additional payments.

If you paid too much, you will be due a refund. If you didn't pay enough, you'll need to pay more.

Tips

If you are receiving a refund, it may be tempting to splurge, but consider putting the funds toward your financial goals, such as by investing for the future, saving for emergencies or paying off debt.

Consistently receiving a refund every year could indicate that too much income is being withheld during the year.

If you owe more, you may need to consider if enough income is being withheld during the year. Consider checking your allowances, which reduce withholding, and adjusting your budget to make sure you have the funds available to pay any additional tax bill.

Remember that tax time is in mid-April. And no matter your situation, talk to your tax advisor every year to make sure your tax planning is on track.

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