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With tax reform bringing major changes for the year ahead, the IRS is urging retirees to make sure they are paying in enough tax during the year by using the Withholding Calculator, available on IRS.gov.

The IRS is highlighting resources and tools available to taxpayers to help avoid a surprise at tax time. This is part of the Paycheck Checkup campaign to encourage people to check their tax situation as soon as possible.

The Tax Cuts and Jobs Act, enacted in December 2017, changed the way tax is calculated for most taxpayers including retirees. Among other reforms, the new law changed the tax rates and brackets, increased the standard deduction, removed personal exemptions and limited or discontinued certain deductions. As a result, many taxpayers may need to raise or lower the amount of tax they pay in during the year.

For retirees who receive a monthly pension or annuity check, this may mean changing the amount of federal income tax they have withheld. The easiest way to do that is to use the Withholding Calculator. Though primarily designed for employees who receive wages, this useful online tool can also be helpful to those who receive pension or annuity payments on a regular schedule, usually monthly or quarterly.

Like employees, retirees can use this online calculator to estimate their total income, deductions and tax credits for 2018. As noted in the Withholding Calculator's step-by-step instructions, retirees should treat their pension like income from a job by

year's tax return at hand. In addition, knowing or having a record of the total federal income tax withheld so far this year will also make the tool's results more accurate. After filling out the Withholding Calculator, the tool will recommend the number of allowances a pension recipient should claim.

If the number is different from the number they are claiming now, they should fill out a new withholding form. Claiming more allowances reduces the amount of tax taken out; claiming fewer allowances increases tax withholding. If claiming zero allowances still doesn't cover their expected tax bill, the tool will recommend that they ask their payor to withhold an additional flat-dollar amount from each payment.

Pension recipients can make a withholding change by filling out Form W-4P, available on IRS.gov, and giving it to their payer. This form is similar to the more familiar Form W-4 that employees give to their employers. To give payors time to apply any required withholding changes to as many payments as possible, the IRS urges retirees to submit revised Forms W-4P to their payors as soon as they can.

Because of the limited amount of time left in 2018, some retirees may be unable to adequately cover their expected tax liability through withholding. In that case, another option is to make a quarterly estimated or additional tax payment directly to the IRS.

Because the U.S. tax system operates on a pay-as-you-go basis, everyone is required, by law, to pay most of their tax liability during the year. Doing so will help avoid a surprise year-end tax bill and in some instances, a penalty. For more information about the penalty, including details on exceptions and special rules that may apply, see Publication 505, Tax Withholding and Estimated Tax, available on IRS.gov.

Individuals who receive income not subject to withholding may need to make

The fastest and easiest way to make estimated tax payments is to do so electronically using IRS Direct Pay or the Treasury Department's Electronic Federal Tax Payment System (EFTPS). For information on other payment options, visit IRS.gov/payments.

Whether or not retirees receive a pension, there's another option, available to most of them, for paying their income tax liability during the year. They can ask the Social Security Administration to withhold tax on their Social Security benefits. Unlike wages and pensions, withholding on Social Security benefits and other government payments is voluntary and not based on withholding allowances. Instead, beneficiaries can choose to have income tax withheld at one of four flat rates — 7 percent, 10 percent, 12 percent or 22 percent. To request voluntary withholding and for more information, get Form W-4V , available on IRS.gov.