

taxpayers could exclude \$4,050 off their income from personal exemptions, but personal exemptions are no longer accepted. To reduce your tax liability, deductions and credits must be applied instead.<sup>128</sup>

**Self-Employment Tax:** If you work for someone else, your employer will generally calculate and deduct your payroll taxes from your wages for you; when you work for yourself, you have to do this for yourself. Self-employment taxes are the portion of your self-employment income you contribute to Social Security and Medicare.

**Amended Return:** If you realize after filing your tax return that you made a mistake, you can submit an amended tax return to the IRS with the form 1040X. However, you don't need to submit this form if you did the math wrong (the IRS will adjust that) or forgot a form (the IRS will contact you).

The IRS allows you to file an amended return to correct your filing status, your gross income, the number of dependents you claim, or to increase or decrease the number of deductions and credits you claimed on your original tax return.<sup>129</sup>

**Payroll:** If you work for an employer, they are required to withhold taxes from your paycheck. When you file a state or federal income tax return, you will receive money back if you overpaid these payroll taxes. Alternatively, you will owe the government money if you underpaid your payroll taxes.

#### *What taxes are withheld from my paycheck?*

- Federal income tax (varies by income)
- State income tax, 9%
- Social Security tax, 6.2%
- Medicare, 1.45%
- Maybe additional local/state taxes
- Additional items: health insurance premiums, retirement plan contributions, union dues, child support, court orders

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<sup>128</sup> Tina Orem. "Tax Exempt:What it Means & How it Works." *Nerd Wallet*, Oct. 5, 2021.

<https://www.nerdwallet.com/article/taxes/what-are-tax-exemptions-and-how-do-they-work>

<sup>129</sup> "What Are Tax Amendments?" *Intuit TurboTax*, July 24, 2021. <https://turbotax.intuit.com/tax-tips/amend-return/what-are-tax-amendments/L0bvaRd6J>