

High-Income W-2 Earners Often Overpay Taxes Despite Withholding, SWAT Advisors Reports

SWAT Advisors says high-income W-2 earners often overpay or underpay taxes despite withholding, missing planning opportunities year-round.

CALIFORNIA, CA, UNITED STATES, September 15, 2026 /EINPresswire.com/ -- Firm Says Payroll Withholding Creates a False Sense of Tax Completion for Many High-Earning Employees



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*Amit Chandel, Founder and
Chief Tax Strategist, SWAT
Advisors*

[SWAT Advisors](#), a California-based [tax planning](#) and advisory firm founded by Amit Chandel, CPA and LLM (Tax), is highlighting a common misconception among high-income W-2 earners: that having taxes withheld from every paycheck means their tax planning is effectively complete. This assumption may leave significant legitimate tax planning on the table for salaried professionals in higher income brackets.

Why Withholding Is Not the Same as Tax Planning

A W-2 form reports wages paid and taxes withheld over the course of the year, but the amount withheld from a paycheck is calculated using standardized formulas that do not account for most of the deductions, credits, or planning strategies available to a taxpayer's overall financial situation. Withholding is designed to approximate a tax liability, not to reflect the lowest legally possible amount owed.

"There's a common assumption that if taxes are being withheld from every paycheck, nothing else needs to be done," said Amit Chandel, Founder and Chief Tax Strategist at SWAT Advisors. "Withholding just means the government is collecting an estimate throughout the year. It has nothing to do with whether that person is taking advantage of the deductions and strategies actually available to them. High-income W-2 earners in particular tend to leave meaningful savings on the table because they assume payroll withholding is the extent of their tax planning."

Where High-Income Employees Often Miss Opportunities

Several planning areas apply specifically to salaried employees rather than business owners, and are frequently overlooked because they fall outside what a standard W-2 form or payroll system accounts for.

Retirement Account Contributions: Maximizing contributions to employer-sponsored retirement plans and using backdoor Roth conversions where applicable can reduce current taxable income while building long-term retirement savings, but these [retirement planning](#) strategies typically require action before year-end and are not automatically optimized through payroll deductions alone.

Equity Compensation Timing: Employees receiving stock options, restricted stock units, or other equity compensation face timing decisions around exercise and sale that can significantly affect the tax rate applied to that income. Standard payroll withholding rarely addresses these decisions, which often require planning well before a vesting or exercise date.

Itemized Deduction Opportunities: High-income earners with significant mortgage interest, charitable contributions, or medical expenses may benefit from itemizing deductions rather than relying on the standard deduction, a comparison that withholding calculations do not perform.

State Tax Considerations: For high earners in states with significant income tax, additional planning around estimated payments, residency, or income timing can affect overall liability in ways that federal withholding formulas do not address.

Underwithholding and Overwithholding Risk

Chandel noted that many high earners fall into one of two problematic patterns: some are significantly underwithheld relative to their actual liability, often due to bonuses, equity compensation, or dual-income households, resulting in a large balance due and potential penalties at filing time. Others are meaningfully overwithheld, effectively giving the government an interest-free loan throughout the year rather than putting that money toward retirement contributions or other planning strategies.

"Both situations are avoidable with a mid-year review," Chandel explained. "A high earner who gets an unexpected five-figure tax bill in April usually could have seen that coming in July if someone had looked at their numbers. The same is true in reverse for someone significantly overwithholding. Reviewing a pay stub or a W-2 form in isolation doesn't tell the full story."

Why This Group Is Often Underserved

High-income W-2 earners often fall into a tax planning gap: their income is too straightforward for aggressive business-owner-style tax strategies, yet too complex for basic tax software or a

once-a-year filing appointment to fully address. According to the firm, this population often benefits from targeted, ongoing planning related to their W-2 status and compensation structure rather than a purely reactive approach at filing time.

About SWAT Advisors

SWAT Advisors is a California-based tax planning and advisory subsidiary of Focus CPA Group Inc., founded in 2023 by Amit Chandel, a CPA and LLM in Tax. The firm specializes in proactive tax strategy for business owners, professionals, and high-net-worth individuals, offering comprehensive tax planning, wealth preservation strategies, retirement planning, exit planning, and business succession planning. With over 20 years of combined experience in California, SWAT Advisors has helped clients across diverse industries identify tax-saving opportunities and build sustainable wealth. The firm serves clients in Northern and Southern California and works with business owners nationwide.

For more information about SWAT Advisors and how strategic tax planning can transform your financial future, visit our website.

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