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Accountants & Advisors

You've Gotta Know When to Withhold 'Em

The IRS has released the new tax-withholding tables to coincide with the “Making Work Pay” refundable tax credit provisions included in the 2009 American Recovery and Reinvestment Act. The new tables are posted on the IRS website and can be viewed by visiting <http://www.irs.gov/pub/irs-pdf/n1036.pdf>.

For taxpayers the change will be automatic. It will be the responsibility of the employers and their payroll departments to make the necessary changes. All the necessary tables and the instructions for employers will be included in Publication T-15 which will be posted to the IRS website next week and then mailed out to more than 9 million employers nationwide in the middle of March. Employers are encouraged to use the new tables immediately, but are required to institute them no later than April 1, 2009.

The “Making Work Pay” credit will equal 6.2% of a taxpayer’s earned income with a maximum credit of \$800 for married couples and \$400 for those filing a single return. The credit is not applicable for those taxpayers in a higher income bracket. Unlike last year’s economic stimulus payment, the new tax credit will simply be included in the paychecks of those eligible throughout the remainder of 2009.

For more information on this or to answer any other tax related questions you may have please do not hesitate to contact Brad Gross, tax partner at 214-461-1406 or by email at bgross@lgt-cpa.com

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