

Five Facts about the Making Work Pay Tax Credit

Working taxpayers may be eligible for the Making Work Pay tax credit, a significant tax provision of the American Recovery and Reinvestment Act of 2009. This tax credit means more take-home pay for millions of American workers. Here are five things the IRS wants every taxpayer to know about the Making Work Pay tax credit:

1. This credit -- available for tax years 2009 and 2010 -- equals 6.2 percent of a taxpayer's earned income. The maximum credit for a married couple filing a joint return is \$800 and \$400 for other taxpayers. Most wage earners have been enjoying a boost in their paychecks from this credit since April.
2. Eligible self-employed taxpayers can also benefit from the credit by evaluating their expected income tax liability. If eligible, self-employed taxpayers can make the appropriate adjustments to the amounts of their upcoming estimated tax payments in September and January.
3. Taxpayers who fall into any of the following groups should review their tax withholding to ensure enough tax is being withheld. Those who should pay particular attention to their withholding include:
 - Married couples with two incomes
 - Individuals with multiple jobs
 - Dependents
 - Pensioners
 - Social Security recipients who also work
 - Workers without valid Social Security numbers

Having too little tax withheld could result in potentially smaller refunds or – in limited instances – small balance due rather than an expected refund.

4. The Making Work Pay tax credit is either phased out or unavailable for higher-income taxpayers. The phase out begins at \$75,000 for single taxpayers and \$150,000 for couples filing a joint return.
5. For those who believe their current withholding is not right for their personal situation, a quick withholding check using the IRS withholding calculator on IRS.gov may be helpful. Taxpayers can also do this by using the worksheets in IRS Publication 919, How Do I Adjust My Withholding? Adjustments can be made by filing a revised Form W-4, Employee's Withholding Allowance Certificate. Pensioners can adjust their withholding by filing Form W-4P, Withholding Certificate for Pension or Annuity Payments.

For more information on this and other key tax provisions of the Recovery Act, visit the official IRS Website at IRS.gov/Recovery.

Links:

- [Publication 919, How Do I Adjust My Withholding?](#)
- [IRS withholding calculator](#)

Video:

- [Making Work Pay - General - You Tube video](#)
- [Making Work Pay - Retirees - You Tube video](#)
- [Making Work Pay - Married - You Tube video](#)

Audio:

[Making Work Pay - General Credit](#)