

THE TAX PICTURE

Making Work Pay Credit Could Mean More Tax

(NAPSA)—For a number of Americans, the economic stimulus package could have some unintended consequences—ones that may not come to light until next year's tax season.

The package's Making Work Pay (MWP) credit will provide a refundable tax credit of up to \$400 for individuals and up to \$800 for married taxpayers filing joint returns. For most, the credit has already been implemented by their employer and they received a boost in take-home pay as a result.

But the tax credit could cause some people to owe taxes come April 15—particularly those who typically receive a small refund from the IRS.

The following people may be affected:

- Married couples with both spouses earning wages;
- Individuals working multiple jobs at one time;
- Anyone who may be claimed as a dependent on another person's return;
- People receiving income from a pension; and
- Individuals receiving economic recovery payments.

To make sure you don't get caught by surprise, the American Payroll Association recommends



It's important to know how the Making Work Pay tax credit impacts your taxes.

using the IRS's Withholding Calculator, which has been updated to reflect the impact of the MWP tax credit. Then, if necessary, you can file a new Form W-4. You can find out more on the Web site of APA's consumer education campaign National Payroll Week, www.nationalpayrollweek.com.

Getting Full Credit

If you're concerned that your tax withholdings won't equal the full MWP amount you're entitled to, take heart. Taxpayers who received less than the full credit through reduced withholding will still be entitled to the full credit on their 2009 tax return.