

2010 Stimulus Tax Credit

[NOTE: The websites linked here take you to the referenced IRS document or form]

Effective **January 1, 2010** the MUSC and MUHA payroll departments have implemented the new federal tax tables created by the Stimulus Tax Credit and all 2010 paychecks will reflect the change.

[The Making Work Pay Tax Credit](#) will provide a refundable tax credit of up to \$400 for working individuals and \$800 for married taxpayers filing joint returns. Eligible workers will get the benefit of this change without any action on their part. This means that workers don't need to fill out a new W-4 withholding form for the automatic withholding change. In 2010, you may notice that your paychecks are slightly lower than in 2009. The slight decrease may be because of the Making Work Pay Credit. Most of the credit for wage earners is distributed through reduced withholding. The credit – which was spread out over nine months last year – is being spread over 12 months this year. A little less credit in each paycheck means slightly higher withholding. See [IRS Tax Tip 2010-15](#) for additional information.

An employee with multiple jobs or married couples whose combined incomes place them in a higher tax bracket may elect to submit a revised [W-4](#) to ensure enough withholding is held to cover the tax for his or her combined income. The payroll department is not authorized to advise employees on individual tax matters. Please reference [IRS Publication 919](#) (published June 2009) for additional guidance for tax withholding or contact your personal tax advisor for additional information.

Many higher-income taxpayers will see little or no change in their take-home pay. That's because the Making Work Pay credit is phased out for a married couple filing a joint return with modified adjusted gross income (AGI) between \$150,000 and \$190,000 and other taxpayers whose modified AGI is between \$75,000 and \$95,000. Taxpayers who do not have taxes withheld by an employer during the year can also claim the credit on their tax return.