



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS

- NEWS RELEASE -

FOR IMMEDIATE RELEASE

Warnings Concerning the “Make Work Pay” Tax Credit

EDWARDSVILLE, IL, June 16, 2009 - In the past month, many workers began receiving small increases in their paychecks, the result of “Making Work Pay” tax credits which were part of the economic recovery package in February.

Several warnings have recently been issued to taxpayers concerning these increases, as explained in a bulletin to members by the Federation of American Consumers and Travelers (FACT).

First and foremost:

New withholding tables issued by the IRS could cause millions of taxpayers to get hundreds of dollars more than they are entitled to under the credits -- money that will need to be repaid at tax time!

The IRS says that there’s an especially good chance your withholding amount is inadequate if (a) you have two or more jobs, (b) you have a working spouse, (c) you have income that isn’t subject to withholding (e.g., capital gains or rental income), or (d) you owe other taxes (such as self-employment tax).

It is also important to remember that the tax credit is smaller if you are earning \$75,000 or above (\$150,000 or above for a married couple filing jointly). There should be no “Make Work Pay” increase whatsoever in your paycheck if you make more than \$95,000 a year (\$190,000 for married couples).

For some taxpayers, the new withholding tables will simply mean smaller than expected refunds next year. For many others, however, a larger tax liability looms.

What Can You Do?

Vicki Rolens, managing director of FACT, says it is advisable for everyone to check now to make sure that sufficient taxes are being withheld. If they aren’t, or if there is any doubt, you may wish to request higher withholding with Form W-4.

She adds that there is an online IRS Withholding Calculator which may prove to be helpful:

<http://www.irs.gov/individuals/article/0,,id=96196,00.html>

This news release is issued as a service of the Federation of American Consumers and Travelers (FACT). FACT was formed under the not-for-profit corporation laws of the District of Columbia in 1984, and currently serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#), [scholarships](#) and [consumer information](#). FACT’s administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.

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