

New Withholding Tables Now Available on IRS.gov; Most Workers Will See Bigger Paychecks this Spring

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WASHINGTON — The Internal Revenue Service today released new withholding tables that will result in more take-home pay this spring for millions of American workers.

The new tables incorporate the new Making Work Pay credit, one of the [key tax provisions](#) included in the American Recovery and Reinvestment Act of 2009 that became law earlier this week.

“For most taxpayers, the additional credit will automatically start showing up in their paychecks this spring,” said IRS Commissioner Doug Shulman. “Since employers and payroll companies will handle this change, people typically won’t need to take any additional action. The IRS will continue working to implement this and other provisions of the new law as quickly as possible.”

The [new withholding tables](#), along with other instructions related to the new tax law, will be incorporated in new Publication 15-T. This publication will be posted to this Web site next week and mailed to more than 9 million employers in mid-March. The IRS asks that employers start using these new tables as soon as possible but not later than April 1. Most workers will see a boost in their take-home pay soon thereafter.

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 to get the Making Work Pay credit reflected in their take-home pay. A Form W-4 will not need to be submitted for the automatic withholding change. Individuals and couples with multiple jobs may want to submit revised [Form W-4](#) forms to ensure enough withholding is held to cover the tax for the combined income. [Publication 919](#) provides additional guidance for tax withholding.

Available for tax years 2009 and 2010, [the Making Work Pay credit](#) is 6.2 percent of a taxpayer’s earned income with a maximum credit of \$800 for a married couple filing a joint return and \$400 for other taxpayers, but it is phased out for higher income taxpayers. Most workers will qualify for the maximum credit. Because the credit is refundable (people can get it even if they owe no tax), most low-income workers will also qualify for the full credit.

Though all eligible taxpayers will need to claim the credit when they file their 2009 income tax return next year, the benefit will generally be spread out over the paychecks they receive beginning this spring and continue until the end of the year.

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 whose modified adjusted gross income (AGI) is between \$150,000 and \$190,000 and other taxpayers whose modified AGI is between \$75,000 and \$95,000.

Taxpayers will not get a separate, special check mailed to them from the IRS like last year’s economic stimulus payment.