

Five Facts about the Making Work Pay Tax Credit

1. This credit – still available for 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.
2. Eligible self-employed taxpayers can benefit from the credit by evaluating their expected income tax liability and, if they are eligible, by making the appropriate adjustments to the amounts of their estimated tax payments.
3. Taxpayers who fall into any of the following groups during 2010 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
 - 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 reduced or unavailable for higher-income taxpayers. The reduction in the credit begins at \$75,000 of income for single taxpayers and \$150,000 for couples filing a joint return.
5. A quick withholding check using the IRS Withholding Calculator on IRS.gov may be helpful for anyone who believes their current withholding may not be right. Taxpayers can also check their withholding by using the worksheets in IRS Publication 919, How Do I Adjust My Tax 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 about this and other key tax provisions of the Recovery Act, visit IRS.gov/recovery.