

Notice to Employees

Changes in Income Tax Withholding

New withholding tables may reduce the amount of income tax withheld from your wages.

The new tables, prescribed by the Department of the Treasury, reflect the Making Work Pay credit and other changes resulting from the American Recovery and Reinvestment Act of 2009.

You do not have to submit a **Form W-4**, Employee's Withholding Allowance Certificate, to get the automatic withholding change. If you do not want to have your withholding reduced (because, for example, you have more than one job or you are married and your combined income places you in a higher tax bracket), you may want to file a new Form W-4 with the Payroll Office. You may claim fewer withholding allowances on line 5 or request additional amounts to be withheld on line 6. For additional help, get IRS **Publication 919**, How Do I Adjust My Tax Withholding? or visit the IRS website at www.irs.gov and use the "Withholding Calculator."

*Excerpt from IRS Publication 15-T (March 2009)

Frequently Asked Questions Concerning the New Federal Tax Tables effective April 1, 2009

Q: How will my paycheck change?

A: You may see a reduction to the federal income tax withheld from your paychecks starting 4/1/09. If you are single and making less than \$75,000/year, you may see up to a \$400 credit in withholding from April until the end of the year. If you are married and jointly making less than \$150,000/year, you may see up to a \$600 credit in withholding for this period. These amounts are slowly phased out if you earn more than these stated amounts and disappear completely at an adjusted gross income of \$95,000 for individuals and \$190,000 for joint filers.

Q: Do I need to do anything?

A: Your paycheck will be calculated using the newly released IRS tables automatically. You do not have to complete a new W-4 to take advantage of this credit.

Q: What if I work more than one job?

A: You may need to adjust your federal withholding if you work for multiple employers. The new tables will generally decrease your withholding for all jobs, which may put you in an under withheld status at the end of the year. If you have concerns about being under withheld, you can request additional withholding by completing a new W-4 form with the Payroll Office.

Q: What if I'm married and my spouse also works?

A: The withholding credit for married individuals is up to \$600 through the end of 2009 for both you and your spouse. This means you may see a decrease totaling \$1200 in federal withholding. Since the maximum 2009 personal income tax credit caps at \$800 for a couple filing jointly, you may be under withheld at the end of the year. If you have concerns about being under withheld, you can request additional withholding by completing a new W-4 form with the Payroll Office.

Q: What if I'm married and my spouse does not work?

A: You may see the opposite effect as stated above. If you are married with a non-working spouse, you will see up to a \$600 credit in withholding, but you will be entitled to the full \$800 credit on your tax return.

Q: How will this affect my 2009 personal income tax?

A: If eligible, you will need to claim this credit when you file your 2009 income tax return next year. However, the benefit will generally be paid out to you over the paychecks you receive starting April 1st, 2009, through the end of the year.

Special Note for Nonresident Aliens and Working Students:

Nonresident aliens are not eligible for the Making Work Pay Credit. Also, if you can be claimed as a dependent on someone else's tax return, you are not eligible for the credit. Dependents may need to complete a new W-4 requesting additional withholding if they see a reduction under the new tables.