

Social Security
Administration

Internal
Revenue Service

Inside
this Issue...

New Form W-4 Warning
Page 2

e-file Makes Tax Time
Easier and Better
Page 2

Military Differential
Payments Now Wages
Page 2

New Online Courses
at StayExempt.org
Page 3

Tax Relief for
Disaster Victims
Page 3

IRS Products to Assist
Small Businesses
Page 3

Payroll Best Practice:
Constant Reconciliation
Page 4

W-2C/W-3C Reminders
Page 4

APA Payroll Tax Forum
Page 4

Test Your Knowledge:
Planning for Taxes
Page 5

Guidance on Employer-
Provided Vehicles
Page 5

Electronic Child
Support Payments
Page 5

News and
Announcements
Page 6

SSA/IRS

Reporter

Spring 2009

A Newsletter for Employers

Stimulus Package Provisions Affect Businesses

Many provisions of the *American Recovery and Reinvestment Act of 2009* (ARRA) affect businesses in a wide variety of ways. Two particular provisions will have a bearing on worker withholdings and employment tax returns.

Making Work Pay Credit The Making Work Pay Credit is a refundable credit of up to \$400 for individuals and \$800 for married taxpayers filing joint returns. For people who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes in early spring.

These changes may result in an increase in take-home pay. The IRS has updated the applicable withholding tables to reflect the new Making Work Pay Credit. The new withholding tables, along with other instructions related to the new tax law, will be incorporated in new Publication 15-T.

COBRA Health Insurance Extension Another major ARRA provision is a 65% subsidy for the nine month extension

of COBRA health insurance premiums for workers who lost their jobs between September 1, 2008 and December 31, 2009. These former employees must have been enrolled in their employer's still active health plan at the time of termination. Eligible individuals will have to pay 35% of the premiums.

The former employer pays the remaining balance and claims a credit for those payments on Form 941, *Employer's QUARTERLY Federal Tax Return* or other applicable payroll tax return. The COBRA continuation provisions also apply to small businesses and government entities required to offer continuation coverage under state law similar to the federal COBRA.

More information about the stimulus package will be available on www.irs.gov regarding a host of ARRA provisions that affect businesses' income tax return, including provisions that allow bonus depreciation credits, enhance small business expensing and allow a five year net operating loss carry back for small businesses. **ms**

Social Security's Online Retirement Application Makes It Easy to Retire

Social Security has a new online retirement application. You can apply for retirement benefits from your home or office at www.socialsecurity.gov. There's no need to drive to your local Social Security office or wait for an appointment with a Social Security representative. You can complete the new online retirement application in as little as 15 minutes.

In most cases, after you click the "Sign Now" button and submit the application electronically, that's it. There are no forms to sign, and usually no additional documents are required. Social Security will contact you directly if more information is needed.

If you are uncertain about when to retire, you can check out the online fact sheet, "When to Start Receiving Retirement Benefits." And if you are not ready to retire, you can plan for

retirement using Social Security's online *Retirement Estimator*. It is a great financial planning tool that will give you an immediate and personalized estimate of how much your retirement benefits would be if you stopped working at age 62, age 66, age 70 or any point in between. **ssa**

Learn More Online

- Online Retirement Benefit Application www.socialsecurity.gov/planners/about.htm
- When to Start Receiving Retirement Benefits www.socialsecurity.gov/pubs/10147.html
- Retirement Estimator www.socialsecurity.gov/estimator
- Tips for Seniors in Preparing Their Taxes www.irs.gov/individuals/retirees/article/0%2C%2Cid=154021%2C00.html