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H&R BLOCK®

TAX CHECKUP NOW POSSIBLE CURE FOR 'MAKING WORK PAY' CONFUSION LATER

H&R Block warns that possible under withholding puts certain segments at risk of reduced refund or increased balance due next year

Millions of taxpayers, depending upon other tax breaks they may qualify for, could find themselves with a tax surprise next year because of the Making Work Pay tax credit unless they adjust their withholding, according to analysis by The Tax Institute at H&R Block.

Ninety-five percent of taxpayers automatically started taking home more money in their paychecks this past April thanks to a change in the IRS withholding tables, triggered by the Making Work Pay Credit. Those taxpayers who should take special care in understanding their new take home pay thanks to the Making Work Pay tax credit include:

- Married couples with two incomes
- Individuals with multiple incomes
- Retirees who have taxes withheld from a pension or social security benefits
- Individuals who work but who can be claimed as a dependent on someone else's tax return.

"Considering how complex taxes can be, most taxpayers need guidance on assessing their tax picture," said Amy McAnarney, executive director of The Tax Institute at H&R Block. "Not knowing or not taking the time to understand how their withholding and other tax breaks affect them could lead to a surprising tax liability. A little knowledge now could save them a lot of disappointment later."

The credit could mean up to $400 for individuals and $800 for couples in 2009 and 2010. There is a phaseout of the credit starting at modified adjusted gross income (MAGI) of $75,000 for single filers and for married filers at MAGI of $150,000. It's totally phased out at MAGI of $95,000 for singles and $190,000 for married filers.

1. **Click on www.hrblock.com** or go directly to the Making Work Pay calculator on H&R Block's Web site to estimate if their total withholding change will be greater than the credit they'll likely be able to claim, then
2. **Call 1-800-HRBLOCK** to find an office near them to schedule a tax checkup, and finally
3. **Come by the local office** for a free tax checkup and bring last year's tax return and a current pay stub indicating year-to-date totals. This checkup takes only a few minutes and could end up saving the taxpayer from an unexpected tax bill at tax time.

If needed, it's recommended taxpayers adjust their W-4 and submit it to their employer. If not, the amount being withheld could be more than the credit amount they're eligible to claim.

Survey shows taxpayers reluctant to change withholdings
A Tax Institute Survey showed that one in five respondents hadn't changed their W-4 in the last year. Almost one in three taxpayers surveyed have not adjusted their W-4 in three or more years.

"To better understand how the Making Work Pay Credit and other tax law changes impacts you a W-4 review and tax checkup now can save money on your tax liability and give you peace of mind," McAnarney said.

For more information, visit the IRS newsroom

Disclaimer: The tax checkup and information provided are estimates, and your actual tax liability may materially differ depending on recent and future changes to the tax law and changes in your personal and financial circumstances. If your personal and financial circumstances do change, we suggest that you review the changes with your tax advisor.

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