

Five Important Facts about the Making Work Pay Credit

Many working taxpayers are eligible for the Making Work Pay Tax Credit in 2010. The credit is based on earned income and is claimed on your 2010 tax return when you file your taxes in 2011.

Here are five things the IRS wants you to know about this tax credit to ensure you receive the entire amount for which you are eligible.

1. The Making Work Pay Credit provides a refundable tax credit of up to \$400 for individuals and up to \$800 for married taxpayers filing joint returns.
2. Most workers received the benefit of the Making Work Pay Credit through larger paychecks, reflecting reduced federal income tax withholding during 2010.
3. Taxpayers who file Form 1040 or 1040A will use Schedule M to figure the Making Work Pay Tax Credit. Completing Schedule M will help taxpayers determine whether they have already received the full credit in their paycheck or are due more money as a result of the credit.
4. Taxpayers who file Form 1040-EZ should use the worksheet for Line 8 on the back of the 1040-EZ to figure their Making Work Pay Credit.
5. You cannot take the credit if your modified adjusted gross income is \$95,000 for individuals or \$190,000 if married filing jointly or more, you can be claimed as a dependent on someone else return, you do not have a valid social security number or you are a nonresident alien.

Visit <http://www.irs.gov/recovery> for more information about the Making Work Pay Credit.