

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (known as the STIMULUS BILL) was signed into law. This legislation includes changes to
the 2009 tax tables,
COBRA provisions,
941 form revisions,
and many other areas.

We have already implemented the new **tax tables** to comply with the New Wage Withholding and Advanced Earned Income Credit payment tables. This means some employees will see a decrease in their federal withholding resulting in higher net pays. The IRS states that most employees do not need to complete new W4 forms – but those individuals or couples with multiple jobs may want to submit revised W4 forms to ensure that enough withholding tax is being taken to cover the tax for combined incomes. Additional guidance can be found on the IRS website (www.irs.gov.) Publication 919.

The **COBRA** Continuation Coverage Assistance provision has guidelines that allow a reduction of the federal tax deposit for premiums paid for coverage periods beginning February 17, 2009. If you currently have a past employee on COBRA, please contact us immediately. This credit will be listed on the 941 form, to process this credit we will need information from you, the client. This credit will only apply to those companies that have employees who participate in COBRA when they are terminated. We are requesting that you contact us when you have an employee that is participating in the COBRA coverage. We will then walk you through the procedures necessary to make sure you receive the credit.

The 941 Form has been revised to accommodate the reporting of the COBRA credits. When you receive your 1st quarter reports it will include the new revision of the 941 form

Please feel free to contact us @ 814-234-2272 with any questions on the above changes.

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