



**American Recovery and Reinvestment Act of 2009:  
-Question & Answer-**

**Q.** Why is there more money in my paycheck? Why did my federal withholding tax amount decrease?

**A.** On Tuesday, February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA), more commonly known as the Economic Stimulus Act. This new law makes changes that lower the amount of federal income tax withholding via the "Making Work Pay" provision. The Internal Revenue Service (IRS) has released updated withholding tax tables and recommended implementation of the changes no later than **April 1, 2009**. Advantage has already implemented these changes; and, as a result, your federal income tax withholding has decreased.

**Q.** Do I have to complete a new Form W-4 to receive the credit?

**A.** No, it is not necessary for you to submit a new Form W-4 to get the automatic withholding change. The decrease in withholding will appear automatically in your paycheck based on the new IRS withholding tables.

**Q.** I work in Alabama (or Iowa, Missouri, or Oregon). Why did my state withholding tax amount increase?

**A.** Alabama (or Iowa, Missouri, or Oregon) allows for a deduction in their state withholding calculation equal to the federal income tax amount withheld. With the implementation of the federal withholding changes, the federal income tax amount withheld decreases. This decreases the state withholding deduction for the employee, which results in an **increase** in that employee's state income tax.

**Q.** I work in Arizona. Why did my state withholding decrease?

**A.** Arizona's withholding calculation is based on a percentage of federal income tax withheld. Therefore, the federal withholding changes result in a **decrease** in an employee's state income tax. Arizona has already confirmed with Advantage that they will not be implementing any further changes as a result of the federal withholding table changes.

**Q.** I work multiple jobs, and I don't want to receive the Making Work Pay credit multiple times since I will have to pay it back at the end of the year when I file my Form 1040. What should I do?

**A.** Individuals working multiple jobs should increase the amount of withholding from one of their employers by completing a new Form W-4. This should create enough withholding to cover the difference between the credit amount they are entitled to and the overage they receive from working multiple jobs.

This situation applies to employees who are either working multiple jobs or have spouses who are also earning wages subject to withholding.