



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
KEVIN J. UPCHURCH
EXECUTIVE DIRECTOR

MEMORANDUM

TO: State Agency Finance Directors

FROM: Leila Malatesta, Office of Fiscal Management, Director *Malatesta*

DATE: February 27, 2009

RE: Withholding Table Modifications ARRA - Memorandum No. 2

The Department of Finance and Administration (DFA) effective Sunday, March 1, 2009, implemented the new federal income tax withholding tables reflecting changes from the recently enacted Making Work Pay tax credit as released by the Internal Revenue Service (Notice 1036). The withholding allowance amounts remain the same under the new tables, which were adjusted to account for the \$400 credit for single filers and \$800 for joint filers. The Making Work Pay tax credit is a component of the American Recovery and Reinvestment Act of 2009 (ARRA).

The tax credit will be calculated at a rate of 6.2 percent and will phase out for taxpayers with an adjusted gross income of more than \$75,000, or \$150,000 for married couples filing jointly. Notice 1036 is an early release of the new wage withholding tables, and it also includes updated Advance Earned Income Credit Payment tables. The full text of IRS Notice 1036 is available at the IRS Web site at <http://www.irs.gov/pub/irs-pdf/n1036.pdf>

DFA will continue to review the ARRA regulations and will provide more guidance as additional information becomes available.

Thank you for your cooperation and assistance in this matter.

CC: State Agency Human Resource Officers
State Agency Payroll Officers