



The American Recovery and Reinvestment Act of 2009 (ARRA) was signed by President Obama on February 17, 2009. While all the components of the act are of interest to individuals and employers, PayAmerica remains focused on changes affecting employee pay calculations and your Payroll/HR department.

- **The *Making Work Pay* tax cut** will credit workers the lesser of 6.2% or \$400 for individuals/\$800 for couples. The change in withholding tables was published by the IRS on 2/24/2009. PayAmerica will implement the new tax tables on 04/01/2009. Click [here](#) to view the IRS notice.
- **The *COBRA premium subsidy*** provides assistance to eligible individuals involuntarily terminated between 09/01/2008 and 12/31/2009 by reducing the monthly payment by 65%. Eligible individuals must notify employers that they intend to use the subsidy and pay 35% of the monthly premium. Employers can be reimbursed the 65% paid to carriers by claiming a credit on quarterly federal tax returns. Individuals' using the subsidy but who are considered high-earning (100K single/250K married) must repay the subsidy on their tax return in the year it was provided.

PayAmerica will provide assistance to clients wishing to claim this credit on the Federal 941. Check back frequently for more details, instructions, reporting requirements and deadlines for claiming a quarterly credit.

Employers must, within 60 days, notify individuals who would have been eligible for the subsidy under ARRA, but who opted out of COBRA at the time. If coverage is elected after such notification, the commencement of coverage is not required to be retroactive to the date of the qualifying event. The end date of the coverage, however, would be 18 months after the qualifying event. Additionally, employers have the option to offer the individual a different plan, so long as the premium is not higher than the plan participated in at the date of the qualifying event

There are many other components of the stimulus package, and as details and deadlines are presented, PayAmerica will keep you informed. To learn more about these and other stimulus provisions, click [here](#):

- FMLA expansions
- Extended paid sick time benefits
- An increase in the minimum wage
- Small Business health tax credits
- Coverage of catastrophic health costs
- American Jobs Tax Credit
- Automatic pension plan enrollment
- Penalty Free Hardship withdrawals from IRAs and 401(k) plans
- Retirement Savings incentives
- Increase immigration quotas
- UI benefit extension and suspension of taxes on these benefits

As always, we thank you for your continued support of PayAmerica. We are @ your service!