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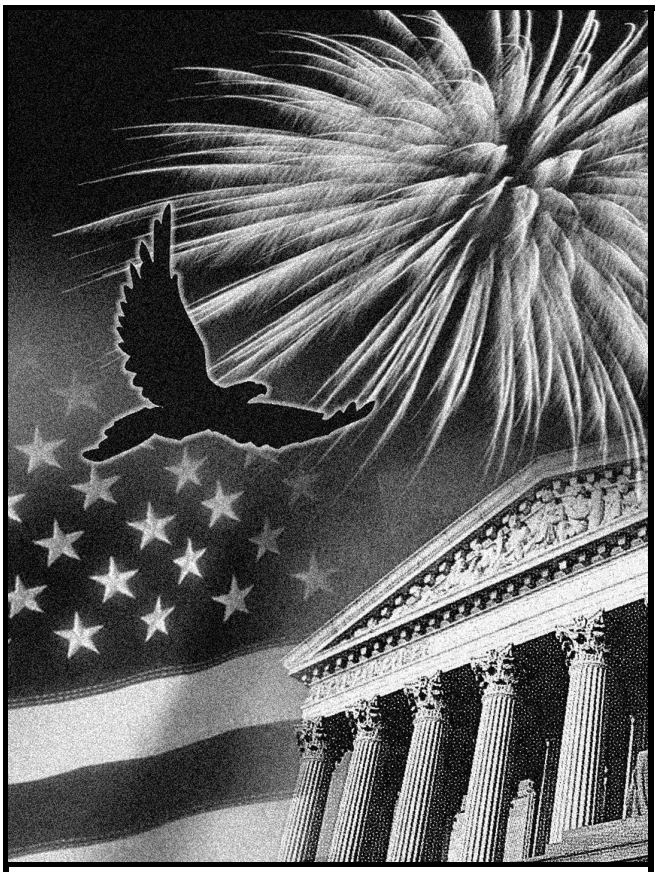
How Do I Adjust My Tax Withholding?

For use in **2010**



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What's New for 2010

You should consider the items in this section when figuring the amount of your tax withholding for 2010.

Limit on deductible farming losses. Beginning in 2010, the farming loss of a taxpayer (other than a C corporation) who receives certain government subsidies will be limited to the greater of $300,000 ($150,000 if married filing separately) or the taxpayer's total net farm income for the prior 5 tax years. Farming losses caused by casualty, disease, or drought are disregarded in calculating the limitation. Disallowed amounts can be carried forward indefinitely.

Roth IRAs. Half of any income that results from a rollover or conversion to a Roth IRA from another retirement plan in 2010 is included in income in 2011, and the other half in 2012, unless you elect to include all of it in 2010. In addition, for any tax year beginning after 2009, you can make a qualified rollover contribution to a Roth IRA regardless of your modified adjusted gross income (AGI).

IRA deduction expanded. You may be able to take an IRA deduction if you were covered by a retirement plan and your 2010 modified AGI is less than $66,000 ($109,000 if married filing jointly or a qualifying widow(er)). If your spouse was covered by a retirement plan, but you were not, you may be able to take an IRA deduction if your 2010 modified AGI is less than $177,000.

Domestic production activities income deduction. The deduction rate for 2010 increases to 9%. However, the deduction is reduced if you have oil-related qualified production activities income.

Personal casualty and theft loss limit reduced. Each personal casualty or theft loss is limited to the excess of the loss over $100 (instead of $500).

Standard mileage rates. The rate for business use of your vehicle is reduced to 50 cents a mile. The rate for use of your vehicle to get medical care or move is reduced to 16½ cents a mile. The rate of 14 cents a mile for charitable use is unchanged.

Personal exemption and itemized deduction phaseouts. For 2010, taxpayers with AGI above a certain amount will not lose part of their deduction for personal exemptions and itemized deductions. Under current law, these phaseouts will resume in 2011.

Alternative minimum tax (AMT) exemption amount decreased. The AMT exemption amount is decreased to $33,750 ($45,000 if married filing jointly or a qualifying widow(er); $22,500 if married filing separately).

Certain credits not allowed against the AMT. The credit for child and dependent care expenses, credit for the elderly or the disabled, lifetime learning credit, nonbusiness energy property credit, mortgage interest credit, and the District of Columbia first-time homebuyer credit are not allowed against the AMT and a new tax liability limit applies. For most people, this limit is your regular tax minus any tentative minimum tax.

Qualified fuel cell motor vehicle credit reduced. For qualified vehicles placed in service after 2009, the credit allowed for purchases is reduced by 50%. This applies to vehicles with a gross vehicle weight rating of 8,500 pounds or less. For more information, see the instructions for Form 8910.

Earned income credit (EIC). You may be able to take the EIC if:

- Three or more children lived with you and you earned less than $43,352 ($48,362 if married filing jointly),
- Two children lived with you and you earned less than $40,363 ($45,373 if married filing jointly),
- One child lived with you and you earned less than $35,535 ($40,545 if married filing jointly), or
- A child did not live with you and you earned less than $13,460 ($18,470 if married filing jointly).

The maximum AGI you can have and still get the credit also has increased. You may be able to take the credit if your AGI is less than the amount in the above list that applies to you. The maximum investment income you can have and get the credit is still $3,100.

First-time homebuyer credit. This credit has been extended for purchases of a main home in the United States after 2008 and before May 1, 2010 (before July 1, 2010, if you entered into a written binding contract before May 1, 2010). The credit is generally 10% of the purchase price of the home but is limited to $8,000 ($4,000 if married filing separately).

Also, the credit has been modified to allow a smaller credit (limited to $6,500, $3,250 if married filing separately) if you (and your spouse if married) owned and used the same main home for any period of 5 consecutive years during the 8-year period ending on the date you bought your new main home in the United States. For this credit, the replacement home must be purchased after November 6, 2009, and before May 1, 2010 (before July 1, 2010, if you entered into a written binding contract before May 1, 2010).

You can choose to claim the credit on your 2009 return for a home you bought in 2010 that qualifies for the credit.

See Form 5405 (Rev. December 2009) for more information, including special rules for certain members of the uniformed services, members of the U.S. Foreign Service, and employees of the intelligence community on official extended duty service.

Reminder

Recapture of first-time homebuyer credit. If you claimed the first-time homebuyer credit for a home you bought in 2008, you generally must begin repaying it in 2010.

Charitable contributions for Haiti relief. You were allowed to deduct on your 2009 tax return certain cash contributions made for the relief of Haiti earthquake victims. The contributions must have been made after January 11, 2010, and before March 1, 2010. If you took a deduction for these contributions on your 2009 tax return,

do not claim the same deduction when estimating your 2010 taxable income to check your withholding.

Expiring Tax Benefits

The following benefits are scheduled to expire and will not be available for 2010.

At the time these instructions went to print, Congress was considering legislation that would extend some of these items. To find out if legislation was enacted, and for details, go to www.irs.gov.

- Waiver of minimum required distribution (MRD) rules for IRAs and defined contribution plans. However, the waiver for 2009 MRDs applies through April 1, 2010.
- The exclusion from income of up to $2,400 in unemployment compensation.
- Tax-free distributions from certain individual retirement plans for charitable purposes.
- Deduction for educator expenses in figuring AGI.
- Tuition and fees deduction in figuring AGI.
- Extra $3,000 IRA deduction for employees of bankrupt companies.
- Increased standard deduction for real estate taxes or net disaster loss.
- Itemized deduction or increased standard deduction for state or local sales or excise taxes on the purchase of a new motor vehicle.
- Itemized deduction for state and local general sales taxes.
- District of Columbia first-time homebuyer credit for homes purchased after 2009.
- Credit to holders of clean renewable energy bonds issued after 2009.
- Alternative motor vehicle credit for all qualified hybrid motor vehicles placed in service after December 31, 2009, except for passenger automobiles and light trucks with a gross vehicle weight rating of 8,500 pounds or less.
- Government retiree credit.
- Decreased estimated tax payments for certain small businesses.
- Certain tax benefits for Midwestern disaster areas, including the following.
  - Additional exemption amount if you provided housing for a person displaced by the Midwestern storms, tornadoes, or flooding.
  - Increased Hope and lifetime learning credits.
  - Special rules for distributions from eligible retirement plans.
  - Exclusion from income for certain discharges of nonbusiness debts.
  - Credit to holders of Midwestern tax credit bonds for bonds issued after 2009.

Reminder

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

The federal income tax is a pay-as-you-go tax. You must pay the tax as you earn or receive income during the year.

As a wage earner, you pay federal income tax by having it withheld from your pay during the year. This is your "withholding." Your withholding is based on the number of allowances you claim when you file Form W-4, Employee's Withholding Allowance Certificate, with your employer.

The purpose of this publication is to help you check your withholding and, if necessary, prepare a new Form W-4 to adjust your withholding. When you first start a new job, you must fill out a Form W-4 and give it to your employer to establish your initial withholding. You can adjust your withholding by giving a new Form W-4 to your employer at any time.

Note. If you have not changed jobs, you generally do not have to give your employer a new Form W-4 each year unless you need to adjust your withholding.

For more detailed information about Form W-4, see chapter 1 of Publication 505, Tax Withholding and Estimated Tax.

Nonresident aliens. Before completing Form W-4, nonresident alien employees should see the Instructions for Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual. Also see chapter 8 of Publication 519, U.S. Tax Guide for Aliens, for important information on withholding.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

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Tax questions. If you have a tax question, check the information available on www.irs.gov or call 1-800-829-1040. We cannot answer tax questions sent to either of the above addresses.

Checking Your Withholding

This section explains why, when, and how to check your withholding to see if you will have enough, but not too much, tax withheld for 2010. Also, you may want to use the withholding calculator on the IRS website. Go to www.irs.gov and click on "Withholding Calculator" under "Online Services."

Why Should I Check My Withholding?

You should try to have your withholding match your actual tax liability. If not enough tax is withheld, you will owe tax at the end of the year and may have to pay interest and a penalty. If too much tax is withheld, you will lose the use of that money until you get your refund.

Always check your withholding if there are personal or financial changes in your life or changes in the law that might change your tax liability. See Figure 1 for examples.

When Should I Check My Withholding?

The earlier in the year you check your withholding, the easier it is to get the right amount of tax withheld.

You should check your withholding when any of the following situations occur.

1. You receive a paycheck stub (statement) covering a full pay period in 2010, showing tax withheld based on 2010 tax rates.
2. You prepare your 2009 tax return and get a:
   a. Big refund, or
   b. Balance due that is:
      i. More than you can comfortably pay, or
      ii. Subject to a penalty.
3. There are changes in your life or financial situation that affect your tax liability. See Figure 1 below.
4. There are changes in the tax law that affect your tax liability. See *Tax Law Changes,* below.

You must give your employer a new Form W-4 to adjust your withholding within 10 days of any event that decreases the number of withholding allowances you can claim, or requires you to change to single status.

Tax Law Changes

If there are tax law changes that increase your tax for 2010 and you do not increase your withholding, you may have to pay tax when you file your return. If there are changes that decrease your tax for 2010 and you do not decrease your withholding, you may get a larger refund. You can get this money back earlier by reducing your withholding.

For information about changes in the law for 2009 and 2010, visit the IRS website at www.irs.gov, click on "Forms and Publications," and then on "What's Hot in forms and publications."

Figure 1. **Personal and Financial Changes**

Factor	Examples
Lifestyle change	Marriage Divorce Birth or adoption of child Loss of an exemption Purchase of a new home Retirement Filing chapter 11 bankruptcy
Wage income	You or your spouse start or stop working, or start or stop a second job
Change in the amount of taxable income not subject to withholding	Interest income Dividends Capital gains Self-employment income IRA (including certain Roth IRA) distributions
Change in the amount of adjustments to income	IRA deduction Student loan interest deduction Alimony expense
Change in the amount of itemized deductions or tax credits	Medical expenses Taxes Interest expense Gifts to charity Job expenses Dependent care expenses Education credit Child tax credit Earned income credit

How Do I Check My Withholding?

You can use the worksheets and tables in this publication to see if you are having the right amount of tax withheld. Follow these steps.

1. Fill out Worksheet 1 (see page 12) to project your total federal income tax liability for 2010.
2. Fill out Worksheet 7 (see page 18) to project your total federal withholding for 2010 and compare that with your projected tax liability from Worksheet 1.

If you are not having enough tax withheld, line 6 of Worksheet 7 will show you how much more to have withheld each payday.

If you are having more tax withheld than necessary, line 5 of Worksheet 7 refers you to *How Do I Decrease My Withholding*, later.

What If Not Enough Tax Is Being Withheld?

If not enough tax will be withheld, you should give your employer a new Form W-4 showing either a reduced number of withholding allowances or an additional amount to be withheld from your pay. See *How Do I Increase My Withholding* on this page.

There is a good chance you are not having enough tax withheld if:

- You have more than one job at a time,
- Your spouse also works,
- You have taxable income not subject to withholding, such as capital gains, rental income, interest, and dividends, or
- You owe other taxes such as self-employment tax or household employment taxes.

If your employer cannot withhold enough additional tax from your pay, you may need to make estimated tax payments. This might be the case if your pay is low and you have substantial nonwage income, such as interest, dividends, capital gains, or earnings from self-employment. For more information on estimated tax payments, see chapter 2 of Publication 505.

What If Too Much Tax Is Being Withheld?

If too much tax is withheld, you may receive a large refund when you file your return. If you would prefer to receive the money during the year, you should see if you qualify to have less tax withheld. If so, give your employer a new Form W-4 showing more withholding allowances.

There is a good chance you are having too much tax withheld if:

- You got a big refund for 2009 and your income, adjustments, deductions, and credits will remain about the same this year,
- Your income will remain about the same as last year, but your adjustments, deductions, or credits will increase significantly, or
- You got a refund last year; your income, adjustments, and deductions will remain about the same as last year, but you will qualify for one or more tax credits this year that you did not qualify for last year.

Note. Adjustments to income are listed on Form 1040 and Form 1040A near the bottom of page 1. Itemized deductions appear on Schedule A (Form 1040). Credits appear on page 2 of Form 1040 and Form 1040A. See also Figures 1 (page 4) and 2 (page 9).

Adjusting Your Withholding

If you are not having enough tax withheld or you are having too much tax withheld, you should either increase or decrease your withholding.

You increase or decrease your withholding by filling out a new Form W-4 and giving it to your employer. You can use the worksheets (see the list on page 6) and information in this publication to help you complete Form W-4. You can get a blank Form W-4 from your employer, use the Form W-4 on pages 10 and 11 of this publication, or print the form from www.irs.gov.

How Do I Increase My Withholding?

There are two ways to increase your withholding. You can:

- Decrease the number of allowances you claim on Form W-4, line 5, or
- Enter an additional amount that you want withheld from each paycheck on Form W-4, line 6.

Requesting an additional amount withheld. You can request that an additional amount be withheld from each paycheck by following these steps.

1. Complete Worksheets 1 and 7.
2. Complete a new Form W-4 if the amount on Worksheet 7, line 5:
   a. Is more than you want to pay with your tax return or in estimated tax payments throughout the year, or
   b. Would cause you to pay a penalty when you file your tax return for 2010.
3. Enter on your new Form W-4, line 5, the same number of withholding allowances your employer now uses for your withholding. This is the number of allowances you entered on the last Form W-4 you gave your employer.
4. Enter on your new Form W-4, line 6, the amount from Worksheet 7, line 6.
5. Give your newly completed Form W-4 to your employer.

Worksheets

Use the following worksheets to figure your correct withholding and adjustments.

Use ...	To ...
Worksheet 1 Projected Tax for 2010	Project the taxable income you will have for 2010 and figure the amount of tax you will have to pay on that income.
Worksheet 2 Tax Computation Worksheets for 2010	Figure the amount of tax on your projected taxable income.
Worksheet 3 Figuring 2010 Tax if You Expect to Have a Net Capital Gain or Qualified Dividends	Figure the amount of tax when your projected 2010 taxable income includes a net capital gain or qualified dividends.
Worksheet 4 Figuring 2010 Tax if You Expect to Exclude Foreign Earned Income or Exclude or Deduct Housing	Figure your tax if you expect to claim a foreign earned income exclusion, housing exclusion, or housing deduction on Form 2555 or Form 2555-EZ.
Worksheet 5 Self-Employment Tax for 2010	Figure your projected self-employment tax for 2010 if you and/or your spouse are self-employed in 2010 and the total of your (or your spouse's) wages and self-employment income will be more than $106,800.
Worksheet 6 Converting Credits to Withholding Allowances for 2010 Form W-4	Figure how much of an adjustment to make to line 5 of the Form W-4 Deductions and Adjustments Worksheet to account for your projected tax credits that are not otherwise taken into consideration.
Worksheet 7 Projected Withholding for 2010	Project the amount of federal income tax that you will have withheld in 2010, compare your projected withholding with your projected tax, and determine whether the amount withheld each payday should be adjusted.
Worksheet 8 Standard Deduction for 2010	Determine your projected standard deduction for 2010.
Worksheet 9 Making Work Pay Credit	Figure your projected making work pay credit.

If you have this additional amount withheld from your pay each payday, you should avoid owing a large amount at the end of the year.

Example. Early in 2010, Steve Miller used Worksheets 1, 2, and 7 to project his 2010 tax liability ($4,316) and his withholding for the year ($3,516). Steve's tax will be under withheld by $800 ($4,316 – $3,516). His choices are to pay this amount when he files his 2010 tax return, make estimated tax payments, or increase his withholding now. Steve gets a new Form W-4 from his employer, who tells him that there are 50 paydays remaining in 2010. Steve completes the form as before, entering the same number of withholding allowances as before, but, in addition, entering $16 ($800 ÷ 50) on line 6 of the form. This is the additional amount to be withheld from his pay each payday. He gives the completed form to his employer.

What if I have more than one job or my spouse also has a job? You are more likely to need to increase your withholding if you have more than one job or if you are married filing jointly and your spouse also works. If this is the case, you can increase your withholding for one or more of the jobs.

You can apply the amount on Worksheet 7, line 5, to only one job or divide it between the jobs any way you wish. For each job, determine the extra amount that you want to apply to that job and divide that amount by the number of paydays remaining in 2010 for that job. This will give you the additional amount to enter on line 6 of the Form W-4 you will file for that job. You need to give your employer a new Form W-4 for each job for which you are changing your withholding.

Example. Meg Green works in a store and earns $46,000 a year. Her husband, John, works full-time in manufacturing and earns $68,000 a year. In 2010, they will also have $184 in taxable interest and $1,000 of other taxable income. They expect to file a joint income tax return. Meg and John complete Worksheets 1, 2, and 7. Line 5 of Worksheet 7 shows that they will owe an additional $4,459 after subtracting their withholding for the year. They can divide the $4,459 any way they want. They can enter an additional amount on either of their Forms W-4, or divide it between them. They decide to have the additional amount withheld from John's wages, so they enter $91 ($4,459 ÷ 49 remaining paydays) on line 6 of his Form W-4. Both claim the same number of allowances as before.

How Do I Decrease My Withholding?

If your completed Worksheets 1 and 7 show that you may have more tax withheld than your projected tax liability for 2010, you may be able to decrease your withholding. There are two ways to do this. You can:

- Decrease any additional amount (Form W-4, line 6) you are having withheld, or
- Increase the number of allowances you claim on Form W-4, line 5.

CAUTION *You can claim only the number of allowances to which you are entitled. To see if you can decrease your withholding by increasing your allowances, see the Form W-4 instructions and the rest of this publication.*

Increasing the number of allowances. Figure and increase the number of withholding allowances you can claim as follows.

1. On a new Form W-4, complete the Personal Allowances Worksheet.
2. If you plan to itemize deductions, claim adjustments to income, or claim tax credits, complete a new Deductions and Adjustments Worksheet. If you plan to claim tax credits, see *Converting Credits to Withholding Allowances* below.
3. If you meet the criteria on line H of the Form W-4 Personal Allowances Worksheet, complete a new Two-Earners/Multiple Jobs Worksheet.
4. If the number of allowances you can claim on Form W-4, line 5, is different from the number you already are claiming, give the newly completed Form W-4 to your employer.

Converting Credits to Withholding Allowances

Figure 2, on page 9, shows many of the tax credits you may be able to use to decrease your withholding.

The Form W-4 Personal Allowances Worksheet provides only rough adjustments for the child and dependent care credit (line F) and the child tax credit (line G). Complete Worksheet 6 (see page 17) to figure these credits more accurately and also take other credits into account.

Include the amount from line 12 of Worksheet 6 in the total on line 5 of the Deductions and Adjustments Worksheet. Then complete the Deductions and Adjustments Worksheet and the rest of Form W-4.

CAUTION *If you take the child and dependent care credit into account on Worksheet 6, enter -0- on line F of the Personal Allowances Worksheet. If you take the child tax credit into account on Worksheet 6, enter -0- on line G of the Personal Allowances Worksheet.*

Example. Brett and Alyssa Davis are married and expect to file a joint return for 2010. Their estimated income from all sources is $68,000. They also expect to have $15,900 of itemized deductions. Their projected tax credits include a child and dependent care credit of $960 and a mortgage interest credit of $1,700.

The Davis' complete Worksheet 6, as follows, to see whether they can convert their tax credits into additional withholding allowances.

1. Line 1, expected child and dependent care credit—$960.
2. Line 9, expected mortgage interest credit—$1,700.
3. Line 10, total estimated tax credits—$2,660.
4. Line 11—6.7. Their combined taxable income from all sources, $68,000, falls between $38,001 and $90,000 on the table for married filing jointly or qualifying widow(er). The number to the right of this range is 6.7.
5. Line 12, multiply line 10 by line 11—$17,822.

Then the Davis' complete the Form W-4 worksheets.

1. Because they choose to account for their child and dependent care credit on the Deductions and Adjustments Worksheet, they enter -0- on line F of the Personal Allowances Worksheet and figure a new total for line H.
2. They take the result on line 12 of Worksheet 6, add it to their other adjustments on line 5 of the Form W-4 Deductions and Adjustments Worksheet, and complete the Form W-4 worksheets.

When Will My New Form W-4 Go Into Effect?

If the change is for the current year, your employer must put your new Form W-4 into effect no later than the start of the first payroll period ending on or after the 30th day after the day on which you give your employer your revised Form W-4.

If the change is for next year, your new Form W-4 will not take effect until next year.

IRS Review of Your Withholding

Generally, the amount your employer withholds for federal income tax must be based on your Form W-4. However, whether you are entitled to claim exempt status or a certain number of withholding allowances is subject to review by the IRS. If the IRS determines that you cannot claim more than a specified number of withholding allowances or claim a complete exemption from withholding, the IRS will issue a notice of the maximum number of withholding allowances permitted (commonly referred to as a "lock-in letter") to both you and your employer.

If you receive a lock-in letter, the IRS has instructed your employer to begin withholding income tax from your wages

based on the withholding rate (marital status) and maximum number of allowances specified in the letter. In addition, your employer has been instructed not to honor your current Form W-4 or a new Form W-4 unless it results in more withholding than the lock-in letter allows.

The IRS will provide a period of time during which you can dispute the determination before your employer adjusts your withholding. Follow the instructions in your letter if you wish to submit a new Form W-4 or contact the Withholding Compliance Unit with questions. Additional information is available on the IRS website at *www.irs.gov*. Enter "withholding compliance questions" (in quotation marks) in the search box.

Retirees Returning to the Workforce

When you first began receiving your pension, you told the payer how much tax to withhold, if any, by completing Form W-4P, Withholding Certificate for Pension or Annuity Payments (or similar form). However, if your retirement pay is from the military or certain deferred compensation plans, you completed Form W-4 instead of Form W-4P. You completed either form based on your projected income at that time. Now that you are returning to the workforce, your new Form W-4 (given to your employer) and your Form W-4 or W-4P (on file with your pension plan) must work together to determine the correct amount of withholding for your new amount of income.

The worksheets that come with Forms W-4 and W-4P are basically the same, so you can use either set of worksheets to figure out how many withholding allowances you are entitled to claim. Start off with the Personal Allowances Worksheet. Then, if you will be itemizing your deductions, claiming adjustments to income, or claiming tax credits when you file your tax return, complete the Deductions and Adjustments Worksheet.

The third worksheet is the most important for this situation. Form W-4 calls it the Two-Earners/Multiple Jobs Worksheet, Form W-4P calls it the Multiple Pensions/More-Than-One-Income Worksheet—both are the same. If you have more than one source of income, in order to have enough withholding to cover the tax on your higher income you may need to claim fewer withholding allowances or request your employer to withhold an additional amount from each paycheck.

Once you have figured out how many allowances you are entitled to claim, look at the income from both your pension and your new job, and how often you receive payments. It is your decision how to divide up your withholding allowances between these sources of income. For example, you may want to "take home" most of your weekly paycheck to use as spending money and use your monthly pension to "pay the bills." In that case, change your Form W-4P to zero allowances and claim all that you are entitled to on your Form W-4.

There are a couple of ways you can get a better idea of how much tax will be withheld when claiming a certain number of allowances.

- Use the withholding tables in Publication 15 (Circular E), Employer's Tax Guide.
- Contact your pension provider and your employer's payroll department.

And remember, this is not a final decision. If you do not get the correct amount of withholding with the first Forms W-4 and W-4P you submit, you should refigure your allowances (or divide them differently) using the information and worksheets in this publication, or the resources mentioned above.

You should go through this same process each time your life situation changes, whether it be for personal or financial reasons. You may need more tax withheld, or you may need less.

Figure 2. **Tax Credits for 2010**

For more information about the ...	See ...
Adoption credit	Form 8839 instructions
Alternative fuel vehicle refueling property credit	Form 8911 instructions
Alternative motor vehicle credit	Form 8910 instructions
Child and dependent care expenses, credit for	Publication 503, Child and Dependent Care Expenses
Child tax credit (including additional child tax credit)	Instructions for Form 1040 or Form 1040A
Earned income credit (unless you requested advance payment of the credit)	Publication 596, Earned Income Credit
Education credits	Publication 970, Tax Benefits for Education
Elderly or the disabled, credit for the	Publication 524, Credit for the Elderly or the Disabled
Foreign tax credit (except any credit that applies to wages not subject to U.S. income tax withholding because they are subject to income tax withholding by a foreign country)	Publication 514, Foreign Tax Credit for Individuals
General business credit	Form 3800, General Business Credit
Health coverage tax credit	Publication 502, Medical and Dental Expenses
Making work pay credit	Worksheet 9
Mortgage interest credit	Publication 530, Tax Information for First-Time Homeowners
Plug-in electric motor vehicle credit	Form 8834 instructions
Prior year minimum tax, credit for (if you paid alternative minimum tax in an earlier year)	Form 8801 instructions
Residential energy credits	Form 5695 instructions
Retirement savings contributions credit (saver's credit)	Publication 590, Individual Retirement Arrangements (IRAs)
Tax credit bonds, credit to holders of	Form 8912 instructions

Form W-4 (2010)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2010 expires February 16, 2011. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds $950 and includes more than $300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on his or her tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2010. See Pub. 919, especially if your earnings exceed $130,000 (Single) or $180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . . **A** _____

B Enter "1" if:
- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are $1,500 or less.

. . **B** _____

C Enter "1" for your **spouse.** But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . **C** _____

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** _____

E Enter "1" if you will file as **head of household** on your tax return (see conditions under **Head of household** above) . **E** _____

F Enter "1" if you have at least $1,800 of **child or dependent care expenses** for which you plan to claim a credit . . **F** _____
(**Note.** Do **not** include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
- If your total income will be less than $61,000 ($90,000 if married), enter "2" for each eligible child; then **less** "1" if you have three or more eligible children.
- If your total income will be between $61,000 and $84,000 ($90,000 and $119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have six or more eligible children. **G** _____

H Add lines A through G and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ► **H** _____

For accuracy, **complete all worksheets that apply.**
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have **more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed $18,000 ($32,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

► **Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.**

OMB No. 1545-0074
2010

1 Type or print your first name and middle initial.	Last name	**2 Your social security number**
Home address (number and street or rural route)	**3** ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate. **Note.** If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
City or town, state, and ZIP code	**4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.** ► ☐	

5 Total number of allowances you are claiming (from line **H** above **or** from the applicable worksheet on page 2) **5**

6 Additional amount, if any, you want withheld from each paycheck . . . . . **6** $

7 I claim exemption from withholding for 2010, and I certify that I meet **both** of the following conditions for exemption.
- Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability **and**
- This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.

If you meet both conditions, write "Exempt" here . . . . . ► **7**

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature
(Form is not valid unless you sign it.) ► **Date** ►

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	**9** Office code (optional)	**10** Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2010)

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1	Enter an estimate of your 2010 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions	1	$
2	Enter: $11,400 if married filing jointly or qualifying widow(er) $8,400 if head of household $5,700 if single or married filing separately	2	$
3	**Subtract** line 2 from line 1. If zero or less, enter "-0-"	3	$
4	Enter an estimate of your 2010 adjustments to income and any additional standard deduction. (Pub. 919)	4	$
5	**Add** lines 3 and 4 and enter the total. (Include any amount for credits from *Worksheet 6* in Pub. 919.)	5	$
6	Enter an estimate of your 2010 nonwage income (such as dividends or interest)	6	$
7	**Subtract** line 6 from line 5. If zero or less, enter "-0-"	7	$
8	**Divide** the amount on line 7 by $3,650 and enter the result here. Drop any fraction	8	
9	Enter the number from the **Personal Allowances Worksheet,** line H, page 1	9	
10	**Add** lines 8 and 9 and enter the total here. If you plan to use the **Two-Earners/Multiple Jobs Worksheet,** also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1	10	

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1	Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**)	1	
2	Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here. **However,** if you are married filing jointly and wages from the highest paying job are $65,000 or less, do not enter more than "3."	2	
3	If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet	3	

Note. If line 1 is ***less than*** line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4–9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4	Enter the number from line 2 of this worksheet	4			
5	Enter the number from line 1 of this worksheet	5			
6	**Subtract** line 5 from line 4			6	
7	Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here			7	$
8	**Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed			8	$
9	Divide line 8 by the number of pay periods remaining in 2010. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2009. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck			9	$

Table 1

Married Filing Jointly		All Others	
If wages from **LOWEST** paying job are—	Enter on line 2 above	If wages from **LOWEST** paying job are—	Enter on line 2 above
$0 - $7,000 -	0	$0 - $6,000 -	0
7,001 - 10,000 -	1	6,001 - 12,000 -	1
10,001 - 16,000 -	2	12,001 - 19,000 -	2
16,001 - 22,000 -	3	19,001 - 26,000 -	3
22,001 - 27,000 -	4	26,001 - 35,000 -	4
27,001 - 35,000 -	5	35,001 - 50,000 -	5
35,001 - 44,000 -	6	50,001 - 65,000 -	6
44,001 - 50,000 -	7	65,001 - 80,000 -	7
50,001 - 55,000 -	8	80,001 - 90,000 -	8
55,001 - 65,000 -	9	90,001 -120,000 -	9
65,001 - 72,000 -	10	120,001 and over	10
72,001 - 85,000 -	11		
85,001 -105,000 -	12		
105,001 -115,000 -	13		
115,001 -130,000 -	14		
130,001 - and over	15		

Table 2

Married Filing Jointly		All Others	
If wages from **HIGHEST** paying job are—	Enter on line 7 above	If wages from **HIGHEST** paying job are—	Enter on line 7 above
$0 - $65,000	$550	$0 - $35,000	$550
65,001 - 120,000	910	35,001 - 90,000	910
120,001 - 185,000	1,020	90,001 - 165,000	1,020
185,001 - 330,000	1,200	165,001 - 370,000	1,200
330,001 and over	1,280	370,001 and over	1,280

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Worksheet 1. **Projected Tax for 2010**

Keep for Your Records

Use this worksheet to figure the amount of your projected tax for 2010. **Note.** Enter combined amounts if married filing jointly.

1. Enter amount of adjusted gross income (AGI) you expect in 2010. (To determine this, you may want to start with the AGI on your last year's return, and add or subtract your expected changes. Also take into account items listed under *What's New*, earlier.) **Note.** If self-employed, first complete Worksheet 5 to figure the deduction for one-half of self-employment tax. Subtract that amount to figure the line 1 entry	**1**	
2. If you: • Do not plan to itemize deductions on Schedule A (Form 1040), use Worksheet 8 to figure your expected standard deduction and enter that amount here. • Plan to itemize deductions, enter the total itemized deductions you expect after applying any limits (such as the 7.5% limit on medical expenses)	**2**	
3. Subtract line 2 from line 1 (if zero or less, enter -0- and go to line 6)	**3**	
4. Multiply the number of exemptions you plan to claim on your 2010 tax return by $3,650 and enter the result here.	**4**	
5. **Expected taxable income.** Subtract line 4 from line 3 (if zero or less, enter -0- here and on line 6, then go to line 7)	**5**	
6. If the amount on line 1: • Does not include a net capital gain or qualified dividends and you did not exclude foreign earned income or exclude or deduct housing in arriving at the amount on line 1, use the appropriate section of Worksheet 2 to figure the tax to enter here. • Includes a net capital gain or qualified dividends, use Worksheet 3 to figure the tax to enter here. • Was figured by excluding foreign earned income or excluding or deducting housing, use Worksheet 4 to figure the tax to enter here	**6**	
7. Enter any expected additional taxes from an election to report your child's interest and dividends (Form 8814), lump-sum distributions (Form 4972), any recapture of education credits, and alternative minimum tax (Form 6251 or the Alternative Minimum Tax Worksheet in the Form 1040A instructions)	**7**	
8. Add lines 6 and 7	**8**	
9. Enter the amount of any expected tax credits. See Figure 2 on page 9	**9**	
10. Subtract line 9 from line 8 (if zero or less, enter -0-)	**10**	
11. Self-employment tax. If you expect to file jointly and both of you are self-employed, figure the self-employment tax for each of you separately and enter the total on line 11. If the projected total of your net self-employment income* multiplied by 92.35% (.9235) is: • Less than $400, enter -0- on line 11. • $400 or more, and together with your wages is not more than $106,800, multiply your expected net self-employment income by 92.35% (.9235). Multiply that result by 15.3% (.153) and enter here. • $400 or more, and together with your wages is more than $106,800, use Worksheet 5 to figure the amount to enter here	**11**	
12. Enter the total of any other expected taxes**	**12**	
13. **Projected tax for 2010.** Add lines 10 through 12. Enter the total here and on Worksheet 7, line 1	**13**	

* If you will have farm income and also receive social security retirement or disability benefits, do not include your expected Conservation Reserve Program payments that will be included on Schedule F (Form 1040) or listed on Schedule K-1 (Form 1065).

** Use the instructions for the 2009 Form 1040 to determine if you expect to owe, for 2010, any of the taxes that would have been entered on your 2009 Form 1040, lines 58 and 59, and any write-ins on line 60.

Worksheet 2. **Tax Computation Worksheets for 2010** *Keep for Your Records*

Note. If you are figuring the tax on an amount from Worksheet 3 (line 1 or 14), or Worksheet 4 (line 2 or 3), enter the amount from that worksheet in column (a) of the row that applies to that amount of income. Enter the result on the appropriate line of the worksheet you are completing.

a. Single

Use this worksheet to figure the amount to enter on Worksheet 1, line 6, if you expect your filing status for 2010 to be **Single**.

Expected Taxable Income If Worksheet 1, line 5* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1, line 5*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1, line 6*
$0	$8,375		× 10% (.10)		$0	
8,375	34,000		× 15% (.15)		418.75	
34,000	82,400		× 25% (.25)		3,818.75	
82,400	171,850		× 28% (.28)		6,290.75	
171,850	373,650		× 33% (.33)		14,883.25	
373,650	- - - - -		× 35% (.35)		22,356.25	

* If you are using Worksheet 3, for column (a) above use the amount from line 1 or line 14 and enter the result (from column (e)) on line 29 or line 31, as appropriate.
If you are using Worksheet 4, for column (a) above use the amount from line 2 or line 3 and enter the result (from column (e)) on line 5 or line 4, as appropriate.

b. Head of Household

Use this worksheet to figure the amount to enter on Worksheet 1, line 6, if you expect your filing status for 2010 to be **Head of Household**.

Expected Taxable Income If Worksheet 1, line 5* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1, line 5*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1, line 6*
$0	$11,950		× 10% (.10)		$0	
11,950	45,550		× 15% (.15)		597.50	
45,550	117,650		× 25% (.25)		5,152.50	
117,650	190,550		× 28% (.28)		8,682.00	
190,550	373,650		× 33% (.33)		18,209.50	
373,650	- - - - -		× 35% (.35)		25,682.50	

* If you are using Worksheet 3, for column (a) above use the amount from line 1 or line 14 and enter the result (from column (e)) on line 29 or line 31, as appropriate.
If you are using Worksheet 4, for column (a) above use the amount from line 2 or line 3 and enter the result (from column (e)) on line 5 or line 4, as appropriate.

c. Married Filing Jointly or Qualifying Widow(er)

Keep for Your Records

Use this worksheet to figure the amount to enter on Worksheet 1, line 6, if you expect your filing status for 2010 to be **Married Filing Jointly** or **Qualifying Widow(er)**.

Expected Taxable Income If Worksheet 1, line 5* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1, line 5*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1, line 6*
$0	$16,750		× 10% (.10)		$0	
16,750	68,000		× 15% (.15)		837.50	
68,000	137,300		× 25% (.25)		7,637.50	
137,300	209,250		× 28% (.28)		11,756.50	
209,250	373,650		× 33% (.33)		22,219.00	
373,650	- - - - -		× 35% (.35)		29,692.00	

* If you are using Worksheet 3, for column (a) above use the amount from line 1 or line 14 and enter the result (from column (e)) on line 29 or line 31, as appropriate.
If you are using Worksheet 4, for column (a) above use the amount from line 2 or line 3 and enter the result (from column (e)) on line 5 or line 4, as appropriate.

d. Married Filing Separately

Use this worksheet to figure the amount to enter on Worksheet 1, line 6, if you expect your filing status for 2010 to be **Married Filing Separately**.

Expected Taxable Income If Worksheet 1, line 5* is — *Over*	*But not over*	**(a)** Enter amount from Worksheet 1, line 5*	**(b)** Multiplication amount	**(c)** Multiply (a) by (b)	**(d)** Subtraction amount	**(e)** Subtract (d) from (c). Enter the result here and on Worksheet 1, line 6*
$0	$8,375		× 10% (.10)		$0	
8,375	34,000		× 15% (.15)		418.75	
34,000	68,650		× 25% (.25)		3,818.75	
68,650	104,625		× 28% (.28)		5,878.25	
104,625	186,825		× 33% (.33)		11,109.50	
186,825	- - - - -		× 35% (.35)		14,846.00	

* If you are using Worksheet 3, for column (a) above use the amount from line 1 or line 14 and enter the result (from column (e)) on line 29 or line 31, as appropriate.
If you are using Worksheet 4, for column (a) above use the amount from line 2 or line 3 and enter the result (from column (e)) on line 5 or line 4, as appropriate.

Worksheet 3. **Figuring 2010 Tax if You Expect to Have a Net Capital Gain or Qualified Dividends**

Keep for Your Records

1.	Enter the amount from Worksheet 1, line 5 (or the amount from Worksheet 4, line 3, if appropriate)				**1.**	
2.	Enter your expected qualified dividends for 2010*	**2.**				
3.	Enter the net capital gain expected for 2010*	**3.**				
4.	Add lines 2 and 3			**4.**		
5.	Enter your 28% rate gain or loss expected for 2010**	**5.**				
6.	Enter the unrecaptured section 1250 gain expected for 2010	**6.**				
7.	Add lines 5 and 6	**7.**				
8.	Enter the **smaller** of line 3 or line 7			**8.**		
9.	Subtract line 8 from line 4				**9.**	
10.	Subtract line 9 from line 1. If zero or less, enter -0-			**10.**		
11.	Enter the **smaller** of line 1 or $68,000 ($34,000 if single or married filing separately, or $45,550 if head of household)	**11.**				
12.	Enter the **smaller** of line 10 or line 11	**12.**				
13.	Subtract line 4 from line 1. If zero or less, enter -0-	**13.**				
14.	Enter the **larger** of line 12 or line 13				**14.**	
	Note. *If line 11 and line 12 are the same, skip line 15 and go to line 16.*					
15.	Subtract line 12 from line 11				**15.**	
	Note. *If lines 1 and 11 are the same, skip lines 16 through 28 and go to line 29.*					
16.	Enter the **smaller** of line 1 or line 9			**16.**		
17.	Enter the amount from line 15. If line 15 is blank, enter -0-			**17.**		
18.	Subtract line 17 from line 16. If zero or less, enter -0-				**18.**	
19.	Multiply line 18 by 15% (.15)					**19.**
	Note. *If line 6 is zero or blank, skip lines 20 through 25 and go to line 26.*					
20.	Enter the **smaller** of line 3 or line 6			**20.**		
21.	Add lines 4 and 14	**21.**				
22.	Enter the amount from line 1 above	**22.**				
23.	Subtract line 22 from line 21. If zero or less, enter -0-			**23.**		
24.	Subtract line 23 from line 20. If zero or less, enter -0-				**24.**	
25.	Multiply line 24 by 25% (.25)					**25.**
	Note. *If line 5 is zero or blank, skip lines 26 through 28 and go to line 29.*					
26.	Add lines 14, 15, 18, and 24				**26.**	
27.	Subtract line 26 from line 1				**27.**	
28.	Multiply line 27 by 28% (.28)					**28.**
29.	Figure the tax on the amount on line 14 from the appropriate section of Worksheet 2					**29.**
30.	Add lines 19, 25, 28, and 29					**30.**
31.	Figure the tax on the amount on line 1 from the appropriate section of Worksheet 2					**31.**
32.	**Expected tax on all taxable income (including capital gains and qualified dividends).** Enter the **smaller** of line 30 or line 31 here and on Worksheet 1, line 6 (or if using Worksheet 4, enter on line 4 of Worksheet 4)					**32.**

* If you expect to deduct investment interest expense, do not include on this line any qualified dividends or net capital gain that you will elect to treat as investment income.
** This includes a section 1202 exclusion from eligible gain on qualified small business stock and gain or loss from the sale or exchange of collectibles. See the instructions for Schedule D (Form 1040) for more information.

Worksheet 4. **Figuring 2010 Tax if You Expect to Exclude Foreign Earned Income or Exclude or Deduct Housing**

Keep for Your Records

You must figure your tax using this worksheet if you claim a foreign earned income exclusion, housing exclusion, or housing deduction on Form 2555 or Form 2555-EZ.

Before you begin: If Worksheet 1, line 5, is zero, do not complete this worksheet.

1.	Enter the amount from Worksheet 1, line 5	**1**	
2.	Enter the total foreign earned income and housing amount you (and your spouse, if filing jointly) expect to exclude or deduct in 2010 on Form 2555, lines 45 and 50, or Form 2555-EZ, line 18	**2**	
3.	Add lines 1 and 2	**3**	
4.	**Tax on the amount on line 3.** Use Worksheet 2 or Worksheet 3,* as appropriate	**4**	
5.	**Tax on the amount on line 2.** Use Worksheet 2	**5**	
6.	Subtract line 5 from line 4. Enter the result here and on Worksheet 1, line 6. If zero or less, enter -0-	**6**	

*If using Worksheet 3 (Figuring 2010 Tax if You Expect to Have a Net Capital Gain or Qualified Dividends), enter the amount from line 3 above on line 1 of Worksheet 3. Complete Worksheet 3 through line 9. Next, determine if you have a capital gain excess.

Figuring capital gain excess. To find out if you have a capital gain excess, subtract line 5 of Worksheet 1 from line 9 of Worksheet 3. If the result is more than zero, that amount is your capital gain excess.

No capital gain excess. If you do not have a capital gain excess, complete the rest of Worksheet 3 according to its instructions. Then complete lines 5 and 6 above.

Capital gain excess. If you have a capital gain excess, complete a second Worksheet 3 in its entirety with the following modifications. Enter the amount from line 3 above on line 1 of Worksheet 3. Then complete lines 5 and 6 above. Make these modifications to Worksheet 3 only for purposes of filling out Worksheet 4 above.

a. Reduce (but not below zero) the amount you would otherwise enter on line 3 of Worksheet 3 by your capital gain excess.

b. Reduce (but not below zero) the amount you would otherwise enter on line 2 of Worksheet 3 by any of your capital gain excess not used in (a) above.

c. Reduce (but not below zero) the amount you would otherwise enter on line 5 of Worksheet 3 by your capital gain excess.

d. Reduce (but not below zero) the amount you would otherwise enter on line 6 of Worksheet 3 by your capital gain excess.

Worksheet 5. **Self-Employment Tax for 2010**

Keep for Your Records

Use this worksheet to figure the amount to enter on Worksheet 1, line 11. If you are married filing jointly and you are both self-employed, complete this worksheet separately for each spouse and combine the amounts on Worksheet 1, line 11.

1a.	Enter your expected net self-employment income for 2010	**1a**	
1b.	If you will have farm income and also receive social security retirement or disability benefits, enter your expected Conservation Reserve Program payments that will be included on Schedule F (Form 1040) or listed on Schedule K-1 (Form 1065)	**1b**	
2.	Subtract line 1b from line 1a	**2**	
3.	Multiply line 2 by 92.35% (.9235)	**3**	
4.	Multiply line 3 by 2.9% (.029)	**4**	
5.	Social security tax maximum income	**5**	**$106,800**
6.	Enter your expected wages for 2010 that will be subject to social security tax or the 6.2% portion of tier 1 railroad retirement tax	**6**	
7.	Subtract line 6 from line 5	**7**	
	Note. If line 7 is zero or less, enter -0- on line 9 and skip to line 10.		
8.	Enter the **smaller** of line 3 or line 7	**8**	
9.	Multiply line 8 by 12.4% (.124)	**9**	
10.	Add line 4 and line 9. Enter the result here and on Worksheet 1, line 11. If you expect to file jointly, combine the result with your spouse's expected self-employment tax and enter the total on Worksheet 1, line 11	**10**	
11.	Multiply line 10 by 50% (.50). This is your expected deduction for one-half of your self-employment tax. Subtract this amount when figuring your expected AGI on line 1 of Worksheet 1	**11**	

Worksheet 6. **Converting Credits to Withholding Allowances for 2010 Form W-4**

Keep for Your Records

Use this worksheet to figure an additional amount to enter on the Form W-4 Deductions and Allowances Worksheet, line 5. For more information on these credits, see *Converting Credits to Withholding Allowances,* earlier.

Caution. If you enter an amount on line 1 of this worksheet, enter -0- on line F of the Form W-4 Personal Allowances Worksheet. If you enter an amount on line 3 of this worksheet, enter -0- on line G of the Form W-4 Personal Allowances Worksheet.

For lines 1 through 9, enter the projected amount for each credit you expect to take.

1.	Credit for child and dependent care expenses (see *Caution* above)	**1**	
2.	Credit for the elderly or the disabled	**2**	
3.	Child tax credit (including additional child tax credit) (see *Caution* above)	**3**	
4.	Education credits	**4**	
5.	Adoption credit	**5**	
6.	Foreign tax credit	**6**	
7.	Retirement savings contributions credit	**7**	
8.	Earned income credit (unless you requested advance payment)	**8**	
9.	Other credits (see Figure 2)	**9**	
10.	Add lines 1 through 9. This is your total estimated tax credits	**10**	

11. Using the table below that matches your filing status, find the line in the table that matches your combined income from all sources. Then, enter on line 11 the multiplication factor shown next to your income.

Married Filing Jointly or Qualifying Widow(er)

If your combined income from all sources is:			Multiply credits by:
$0	-	$38,000	10.0
38,001	-	90,000	6.7
90,001	-	160,000	4.0
160,001	-	250,000	3.6
250,001	-	410,000	3.0
410,001	and over	—	2.8

Head of Household

If your combined income from all sources is:			Multiply credits by:
$0	-	$27,000	10.0
27,001	-	61,000	6.7
61,001	-	135,000	4.0
135,001	-	220,000	3.6
220,001	-	410,000	3.0
410,001	and over	—	2.8

Single

If your combined income from all sources is:			Multiply credits by:
$0	-	$18,000	10.0
18,001	-	43,000	6.7
43,001	-	95,000	4.0
95,001	-	190,000	3.6
190,001	-	410,000	3.0
410,001	and over	—	2.8

Married Filing Separately

If your combined income from all sources is:			Multiply credits by:
$0	-	$19,000	10.0
19,001	-	45,000	6.7
45,001	-	80,000	4.0
80,001	-	125,000	3.6
125,001	-	205,000	3.0
205,001	and over	—	2.8

11

12.	Multiply line 10 by line 11. Enter the result here and include it in the total on line 5 of the Form W-4 Deductions and Adjustments Worksheet	**12**	

Worksheet 7. **Projected Withholding for 2010** *Keep for Your Records*

Use this worksheet to figure the amount of your projected withholding for 2010, compare it to your projected tax for 2010, and, if necessary, figure an additional amount to have withheld each payday.

Note. If married filing jointly, enter combined amounts.

1. Enter your **projected tax for 2010** from Worksheet 1, line 13	**1**	
2. Enter your total federal income tax withheld to date in 2010 from all sources of income. (For wages, you should be able to find the withholding-to-date on your last pay slip or statement.)	**2**	
3. Enter the federal tax withholding you expect for the rest of 2010:		
a. For each source of wages, multiply the amount of federal income tax now being withheld each payday by the number of paydays remaining in the year and enter the combined amount for all jobs	**3a**	
b. For all other sources of recurring taxable income, multiply the withholding amount by the remaining number of times the income is expected. For example, if you have federal income tax withheld from your monthly pension and you will receive nine more payments this year, multiply your monthly withholding amount by 9	**3b**	
4. Add lines 2, 3a, and 3b. This is your **projected withholding for 2010**	**4**	
5. Compare the amounts on lines 1 and 4. • If line 1 is more than line 4, subtract line 4 from line 1. Enter the result here and go to line 6. • If line 4 is more than line 1, **stop here** and see *How Do I Decrease My Withholding?*	**5**	
6. Divide line 5 by the number of paydays (or other withholding events) remaining in 2010 and enter the result. **This is the additional amount you should have withheld from each remaining payment.** Enter this amount on Form W-4, line 6	**6**	

Worksheet 8. **Standard Deduction for 2010** *Keep for Your Records*

1. Enter the amount shown below for your filing status.
- Single or married filing separately—$5,700
- Married filing jointly or Qualifying widow(er)—$11,400
- Head of household—$8,400 . . . . . **1.** _____

2. Can you (or your spouse if filing jointly) be claimed as a dependent?
☐ **No.** Skip line 3; enter the amount from line 1 on line 4.
☐ **Yes.** Go to line 3.

3. Is your **earned income*** more than $650?
☐ **Yes.** Add $300 to your earned income. Enter the total.
☐ **No.** Enter $950 . . . . . **3.** _____

4. Enter the **smaller** of line 1 or line 3 . . . . . **4.** _____

5. Were you (or your spouse if filing jointly) born before January 2, 1946, or blind?
☐ **No.** Go to line 6.
☐ **Yes.** Check if:
a. **You** were ☐ Born before January 2, 1946 ☐ Blind
b. **Your spouse** was ☐ Born before January 2, 1946 ☐ Blind
c. **Total boxes checked in 5a and 5b** ☐

▶ Multiply $1,100 ($1,400 if single or head of household) by the number in the box on line 5c . . . . . **5.** _____

6. Standard deduction. Add lines 4 and 5 and enter here and on Worksheet 1, line 2 . . . . . **6.** _____

* **Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Reduce your earned income by one-half of your self-employment tax.

Worksheet 9. **Making Work Pay Credit**

Keep for Your Records

Caution. You do not qualify for this credit for 2010 if someone else will be able to claim you as a dependent or if you expect to file Form 1040NR.

1a. Important: Check the "**No**" box below and see the 2009 Schedule M (Form 1040A or 1040) instructions if **(a)** you expect to have a net loss from a business, **(b)** you expect to receive a taxable scholarship or fellowship grant not reported on a Form W-2, **(c)** you expect your wages to include pay for work performed while an inmate in a penal institution, **(d)** you expect to receive a pension or annuity from a nonqualified or deferred compensation plan or a nongovernmental section 457 plan, or **(e)** you expect to file Form 2555 or 2555-EZ.

Do you (and your spouse if filing jointly) expect to have 2010 wages of more than $6,451 ($12,903 if married filing jointly)?

☐ **Yes.** Skip lines 1a through 3. Enter $400 ($800 if married filing jointly) on line 4 and go to line 5.

☐ **No.** Enter your earned income* . . . . . **1a.** _____

b. Nontaxable combat pay included on line 1a . . . . . **1b.** _____

2. Multiply line 1a by 6.2% (.062) . . . . . **2.** _____

3. Enter $400 ($800 if married filing jointly) . . . . . **3.** _____

4. Enter the **smaller** of line 2 or line 3 (unless you checked "Yes" on line 1a) . . . . . **4.** _____

5. Enter the amount from line 1 of your 2010 Estimated Tax Worksheet . . **5.** _____

6. Enter $75,000 ($150,000 if married filing jointly) . . . . . **6.** _____

7. Is the amount on line 5 more than the amount on line 6?

☐ **No.** Skip line 8. Enter the amount from line 4 on line 9 below.

☐ **Yes.** Subtract line 6 from line 5 . . . . . **7.** _____

8. Multiply line 7 by 2% (.02) . . . . . **8.** _____

9. Subtract line 8 from line 4. If zero or less, enter -0- . . . . . **9.** _____

10. Do you (or your spouse if filing jointly) expect to receive an economic recovery payment in 2010? You may receive this payment in 2010 if you did not receive it in 2009, but you did receive social security benefits, supplemental social security income, railroad retirement benefits, or veteran's disability compensation or pension benefits in November or December 2008 or January 2009.

☐ **No.** Enter -0- on line 10 and go to line 11.

☐ **Yes.** Enter the total of payments you (and your spouse if filing jointly) expect to receive in **2010**. Do not enter more than $250 ($500 if married filing jointly) . . . . . **10.** _____

11. Making work pay credit. Subtract line 10 from line 9. Enter the result here and include in the total on line 13b of your 2010 Estimated Tax Worksheet . . . . . **11.** _____

***Earned income** includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income and any nontaxable combat pay that you will include in your earned income for this purpose. If you will be self-employed, subtract the amount from Worksheet 5, line 11, to figure your earned income.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. Here are seven things every taxpayer should know about TAS:

- TAS is your voice at the IRS.
- Our service is free, confidential, and tailored to meet your needs.
- You may be eligible for TAS help if you have tried to resolve your tax problem through normal IRS channels and have gotten nowhere, or you believe an IRS procedure just isn't working as it should.
- TAS helps taxpayers whose problems are causing financial difficulty or significant cost, including the cost of professional representation. This includes businesses as well as individuals.
- TAS employees know the IRS and how to navigate it. We will listen to your problem, help you understand what needs to be done to resolve it, and stay with you every step of the way until your problem is resolved.
- TAS has at least one local taxpayer advocate in every state, the District of Columbia, and Puerto Rico. You can call your local advocate, whose number is in your phone book, in Pub. 1546, Taxpayer Advocate Service—Your Voice at the IRS, and on our website at *www.irs.gov/advocate*. You can also call our toll-free line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.
- You can learn about your rights and responsibilities as a taxpayer by visiting our online tax toolkit at *www.taxtoolkit.irs.gov*.

Low Income Taxpayer Clinics (LITCs). The Low Income Taxpayer Clinic program serves individuals who have a problem with the IRS and whose income is below a certain level. LITCs are independent from the IRS. Most LITCs can provide representation before the IRS or in court on audits, tax collection disputes, and other issues for free or a small fee. If an individual's native language is not English, some clinics can provide multilingual information about taxpayer rights and responsibilities. For more information, see Publication 4134, Low Income Taxpayer Clinic List. This publication is available at *www.irs.gov*, by calling 1-800-TAX-FORM (1-800-829-3676), or at your local IRS office.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains lists of free tax information sources, including publications, services, and free tax education and assistance programs. It also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on your telephone.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.

Free help with your return. Free help in preparing your return is available nationwide from IRS-trained volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 and older with their tax returns. Many VITA sites offer free electronic filing and all volunteers will let you know about credits and deductions you may be entitled to claim. To find the nearest VITA or TCE site, call 1-800-829-1040.

As part of the TCE program, AARP offers the Tax-Aide counseling program. To find the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's website at *www.aarp.org/money/taxaide*.

For more information on these programs, go to *www.irs.gov* and enter keyword "VITA" in the upper right-hand corner.

Internet. You can access the IRS website at *www.irs.gov* 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2009 refund. Go to *www.irs.gov* and click on *Where's My Refund*. Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2009 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- Use the online Internal Revenue Code, Regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the withholding calculator online at *www.irs.gov/individuals*.
- Determine if Form 6251 must be filed by using our Alternative Minimum Tax (AMT) Assistant.

- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.

Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-TAX-FORM (1-800-829-3676) to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* To check the status of your 2009 refund, call 1-800-829-1954 during business hours or 1-800-829-4477 (automated refund information 24 hours a day, 7 days a week). Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2009 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund. Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
- *Other refund information.* To check the status of a prior year refund or amended return refund, call 1-800-829-1954.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Walk-in. Many products and services are available on a walk-in basis.

- *Products.* You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, Regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- *Services.* You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you are more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary—just walk in. If you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment can be requested. All other issues will be handled without an appointment. To find the number of your local office, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.

Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

DVD for tax products. You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.

- Internal Revenue Code—Title 26 of the U.S. Code.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- Two releases during the year.
  – The first release will ship the beginning of January 2010.
  – The final release will ship the beginning of March 2010.

Purchase the DVD from National Technical Information Service (NTIS) at *www.irs.gov/cdorders* for $30 (no handling fee) or call 1-877-233-6767 toll free to buy the DVD for $30 (plus a $6 handling fee).