

WORKERS CAN BOOST PAYCHECKS WITH CHILD TAX CREDIT

WASHINGTON -- Employees can add the benefits of the new child tax credit to their paychecks by filing a new Form W-4 with their employers. This credit is one of many tax law provisions taking effect in 1998.

The child tax credit will be \$400 for each eligible dependent under the age of 17 at the end of 1998. However, the credit begins to phase out for taxpayers with incomes of more than \$75,000 (\$110,000 for joint returns; \$55,000 for married persons filing separately). The credit is reduced by \$50 for each \$1,000 -- or fraction thereof -- of income above these amounts. The credit normally cannot be more than one's tax liability, with exceptions for some taxpayers who have more than two children or who claim the earned income tax credit.

The Internal Revenue Service has included the child tax credit in the worksheet for the 1998 Form W-4, "Employee's Withholding Allowance Certificate." Employers use this form to figure the federal income tax to be withheld. The number of allowances claimed for the child tax credit will depend upon the taxpayer's income and the number of eligible children.

The 1998 Form W-4 is available for downloading from the IRS Website at www.irs.ustreas.gov. Printed copies will be available for employers and employees in early January by calling 1-800-TAX-FORM (1-800-829-3676).

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