



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

April 28, 2009

Number: **INFO 2009-0097**

Release Date: 6/26/2009

CONEX-118452-09

UIL: 36A.00-00; 9999.92-00

The Honorable Vernon J. Ehlers
Member, U.S. House of Representatives
110 Michigan Street, NW, Suite 166
Grand Rapids, MI 49503

Attention:

Dear Congressman Ehlers:

This letter responds to your enquiry dated March 25, 2009, submitted on behalf of your constituent, retired on March 23, 2009, and asked whether he is eligible to receive the Making Work Pay Credit and the \$250 economic recovery payment for social security benefit recipients.

The American Recovery and Reinvestment Act of 2009 (the Act) provides that for tax years 2009 and 2010, taxpayers with earned income in those years may be eligible for the Making Work Pay Credit (section 1001 of the Act). The credit is the lesser of 6.2 percent of earned income or \$400 for working individuals (\$800 for married couples filing jointly). The credit begins phasing out for taxpayers with modified adjusted gross income over \$75,000 per year for working individuals (\$150,000 for married couples filing jointly). Only individuals who include their social security account number on their tax return are eligible to receive the credit.

The Act also provides for a one-time \$250 economic recovery payment for social security benefit recipients regardless of income (section 2201). The one-time payment reduces any allowable Making Work Pay Credit. However, the Act provides that the payment is available only to retirees who were entitled to social security benefit payments before February 1, 2009 (section 2201(a)(1) of the Act).

I hope this information is helpful. Please call _____ at _____ if you have any questions.

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax and Accounting)