



OFFICE OF THE CHIEF COUNSEL

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

July 27, 2010

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Release Date: 9/24/2010

CC:ITA:B04
CONEX-128416-10

UIL: 36A.00-00

The Honorable Jim Webb
United States Senate
Washington, DC 20510

Attention:

Dear Senator Webb:

I am responding to your inquiry, dated June 28, 2010, on behalf of your constituent . He asked why the \$250 economic recovery payment reduced the amount of his income tax refund for 2009.

As you requested, I responded directly to . I am enclosing a copy of my response.

I hope this information is helpful. If you need further assistance, please contact me or at

Sincerely,

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

Enclosure



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UIL: 36A.00-00

Dear _____ :

I am responding to your email to Senator Webb about the \$250 economic recovery payment. You asked why the payment reduced the amount of your income tax refund for 2009. Senator Webb wrote to us on your behalf and asked us to respond directly to you.

In 2009, Congress authorized a one-time \$250 economic recovery payment for individuals receiving certain governmental benefits such as social security benefits, or veterans disability compensation or pension benefits (section 2201 of the American Recovery and Reinvestment Act of 2009 (the Act)).

Taxpayers with earned income in 2009 or 2010 may be eligible for the refundable Making Work Pay Credit (section 36A of the Internal Revenue Code (the Code)). In general, a qualifying taxpayer's Making Work Pay Credit is equal to 6.2 percent of earned income, not to exceed \$400 (\$800 if married filing jointly). Taxpayers are required to reduce their Making Work Pay Credit by the \$250 economic recovery payments they receive under section 2201 of the Act (section 36A(c) of the Code).

If you were eligible for the Making Work Pay Credit for 2009, you were required to reduce the amount of your credit by your \$250 economic recovery payment.

CONEX-128416-10

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I hope this information is helpful. If you have any questions, please contact me or
, Identification Number at .

Sincerely,

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

cc: The Honorable Jim Webb
Attention: