



American Recovery and Reinvestment Act of 2009 (ARRA)

Update on Payroll Impact

Increase in Net Payroll Checks:

- The federal withholding tables and advanced earned income tax credit tables have been revised and reflect lower amounts for federal income tax withholdings.
- The changes must be implemented no later than April 1, 2009
- The credit is 6.2% of earned income, up to \$400 per person per year for singles, and up to \$800 for married couples. The credit phases out for higher wage earners.

Change in COBRA Premium Payments:

- If you currently offer a group health plan that is subject to COBRA or similar state regulations then the new law requires you to offer premium assistance to Assistance Eligible Individuals (AEI).
- Assistance Eligible Individuals are employees, their spouses and covered dependents, if they are involuntarily terminated between September 1, 2008 and December 31, 2009.
- An AEI would normally pay 100% of the insurance cost, but under this bill they will only be responsible to pay 35% of the cost for a maximum of 9 months.
- The Company will be responsible for the payment of the other 65%
- The Company will receive their 65% back in the form of a credit against their Form 941 payroll tax payments.

Crossroad Payroll Response

- We have already implemented the changes to the withholding tables and the earned income credit tables, so you should have already seen the increase in take-home pay resulting from the decrease in the federal withholding.
- We already have the revised Form 941 for the first quarter of 2009 filing to reflect the credit for the company's share (65%) of the COBRA premiums. Please contact us if you pay COBRA under this plan.

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