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Schedule M Explained by Florida Tax Attorney in 33606

If you do not know what Schedule M is, I don't blame you. It came about due to one of President Obama's new initiatives enforced over a year ago called the Making Work Pay credit. This tax credit was part of the economic stimulus package aimed at reviving the economy by putting more spending money back into the pockets of taxpayers. The Making Work Pay credit plan reduces the amount of withholding tax employers make to their employees' paychecks each month and thereby increasing the amount of take home pay. The extra amount each employee takes home may vary from a maximum of \$400 for singles and \$800 for married couples who file jointly to a mere \$10 per month, and hence a new form called Schedule M is now used.

The amount of credit begins to phase out at the \$75,000 per annum tax bracket for singles and at \$150,000 per year for joint filers. Even if you have spent the money (which you likely would have), you are still required to fill out Schedule M when filing Form 1040 or 1040A in order to claim the credit. To calculate your amount of credit, the 1040EZ has made a worksheet available at the back. If you file your returns electronically with the use of tax software, you will be automatically directed to fill out Schedule M.

But things get a little complex when it comes to retirees. Most retirees do not receive any paychecks but they are still entitled to a one-time payment of \$250 under the stimulus package called the Economic Recovery Payment. This payment was made available through various agencies to recipients of Social Security, Supplemental Security Income, veterans or railroad retirement benefits. For such recipients, filing up Schedule M is not required.

However, if you worked for the government without getting any Social Security benefits, then you are still entitled to the \$250 but you must fill up Schedule M.

On the other hand, some people work and receive Social Security. These ones are entitled to both the \$250 and maximum \$400 under both plans. They must fill up Schedule M to ensure they receive the correct amounts.

Getting these procedures wrong might delay the processing of your returns or worst still get them rejected altogether. Some elderly workers have had their returns rejected because they declared that they have not received the \$250 when they actually did. This was usually due to an honest mistake since the bank might have credited the \$250 into their accounts without them noticing it.

If you are not clear about Schedule M and all its implications, give me a call at my office at (813) 200 4133 for a free consultation. My name is Darrin Mish and I am a tax attorney in Tampa, Florida.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.