

## AMERICAN PAYROLL ASSOCIATION Compliance Update

### IRS Announces 2009 Amounts for Standard Deduction, Transportation Fringes, and Earned Income Credit

The IRS has released inflation-adjusted tables for 2009 reflecting increases in the standard deduction and excludable transportation fringes, among other changes [Rev. Proc. 2008-66, 10-16-08].

**Standard deduction.** The standard deduction amounts for 2009 increase to \$11,400 for married couples filing jointly or surviving spouses (\$10,900 in 2008), \$8,350 for heads of households (\$8,000 in 2008), \$5,700 for single taxpayers (\$5,450 in 2008), and \$5,700 for married taxpayers filing separately (\$5,450 in 2008).

**Transportation fringes.** The amounts that may be excluded from gross income for employer-provided "qualified transportation fringe benefits" for 2009 are as follows: \$120 per month for "transportation in a commuter highway vehicle and any transit pass" (\$115 in 2008), and \$230 per month for "qualified parking" (\$220 in 2008).

**Earned Income Credit.** For 2009, the Earned Income Credit for employees with one qualifying (dependent) child is 34% of the first \$8,950 of earned income, for a maximum of \$3,043 (\$2,917 in 2008). For employees with two or more qualifying children, the EIC is 40% of the first \$12,570 of earned income, for a maximum of \$5,028 (\$4,824 in 2008), and for employees with no qualifying children, the EIC is 7.65% of \$5,970, for a maximum of \$457 (\$438 in 2008). Married employees filing jointly who earn less than \$38,583 in 2009 (\$35,463 for single employees) and who have at least one qualifying child can receive advance payments of their EIC of up to \$1,826 (\$1,750 in 2008) spread out over their pay periods during the year.

**Foreign earned income exclusion.** For 2009, the maximum foreign earned income exclusion amount under IRC §911(b)(2)(D)(i) is \$91,400 (\$87,600 in 2008). The maximum foreign housing cost exclusion amount under IRC §911(c)(2) is \$12,796 (\$12,264 in 2008).

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