

Managing the COBRA subsidy and Making Work Pay tax credit with Ceridian

The American Recovery and Reinvestment Act (ARRA) of 2009 was signed into law February 17. It imposes new compliance responsibilities on employers with limited time to implement process changes. Ceridian is committed to developing solutions to help you manage these requirements.

In response to your requests, in this edition of **Compliance Horizons**, we are providing a series of Frequently Asked Questions (FAQs) regarding Ceridian's plans to help you implement the COBRA subsidy and Making Work Pay tax credit. We invite you to save the links to these FAQ documents. We plan to update them regularly as we continue to work with the federal agencies involved to gather more details.

Making Work Pay tax credit

The IRS released revised payroll withholding tables that include the Making Work Pay tax credit on February 21, 2009. Ceridian intends to release these withholding tables in its payroll applications on March 16, 2009.

The COBRA subsidy

The COBRA subsidy law took effect on its date of enactment, February 17, 2009. But due to the complexities associated with its implementation, the Internal Revenue Service has stated that under a transition rule, the regular premium amount may continue to be paid for up to two months after enactment (e.g., for March and April). We believe most employers and plan administrators will need to take advantage of this transition rule to enable them the time required to comply with all of the facets of this legislation.

For your reference, the Department of Labor and Internal Revenue Service each have dedicated Web pages with additional information on ARRA and COBRA:

<http://www.irs.gov/newsroom/article/0,,id=204505,00.html>

<http://www.irs.gov/newsroom/article/0,,id=204708,00.html>

<http://www.dol.gov/ebsa/COBRA.html>

http://www.dol.gov/ebsa/faqs/faq_compliance_cobra.html

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