

July 15, 2003
Ontario, CA

✉ EMAIL ARTICLE 🔗 LINK TO ARTICLE 🖨️ PRINT ARTICLE

Article Published: Thursday, July 03, 2003 - 4:04:08 PM PST

Site SearchEnter search term,
hit enter key**Advanced
Search**

Archive Search
Classifieds
Automotive
Place an Ad
Employment
Real Estate
Rentals
Newspaper Ads
Obituaries
Business
Business Directory
Living Here
City News Editions
Columnists
Crossword
Film
Health
Horoscopes
Info
Living
Marketplace
News
Opinion
Personals
Prep Sports
Special Sections
Sports
Subscriber Services
Traffic Report
Travel
U-Entertainment
Weather

**Federal tax cut boosts
paychecks****By MIKE RAPPAPORT
STAFF WRITER**

Millions of American workers are seeing the effects of the 2003 federal tax cut on their first paychecks of the month of July.

The recent acceleration of rate cuts from the 2001 tax cut means that numerous workers will wind up with lower federal income tax bills next spring. When less money is due, the Internal Revenue Service changes the withholding tables and takes less tax out of workers' paychecks.

That may mean an extra \$5, \$10 or \$20 for the average worker, but financial adviser Nancy Langdon Jones of Upland says she doesn't expect it to have much of an effect on the economy.

"It's not a big enough difference for people to change their spending habits," Jones said. "Maybe when they go to the grocery store, they'll buy a little extra, but that's about it."

Another part of the tax cut will come July 25, when the IRS starts sending out checks for \$400 per child under age 17 for qualifying taxpayers as part of an increase in the child tax credit.

"That will make more of a difference," Jones said. "It's a larger amount of money and it comes all at once. People may be more likely to buy something with that."

Jones pointed out one fact that hasn't been mentioned very much. The larger paychecks because of decreased withholding aren't permanent.

"The purpose of the change right now is to make up the amount that would have been withheld since January 1," she said. "We're already halfway through 2003, so the amount of the decrease in withholding is actually double what it would be over the course of a year."

In other words, someone whose take-home pay increased by \$20 per pay period on July 1 could find himself with \$10 less starting next January.






"That's why people shouldn't be counting on this extra money being permanent" Jones said. "I wonder if they understand that their take-home pay could actually go down against next year. Only half of the reduction is permanent."

OTHER ARTICLES IN THIS SECTION**7/15/2003**

- Fontana nutrition plant acquired
- Yahoo snaps up Overture
- OfficeMax set for buyout
- Stocks up on strong bank earnings
- Stater Bros. chain building new store
- Gilead stock rises 13.4 percent
- PeopleSoft's bid for J.D. Edwards approved
- Morgan Stanley probe under way
- Continental delays delivery of planes
- Little-known tax to hit families

Mortgage Tools

Sponsored by

-  25-day Closing!
-  Apply Online
-  Free e-appraisal
-  Lowest Rate & Fee!
-  Refinance Today



Mike Rappaport can be reached by e-mail at m_rappaport@dailybulletin.com or by phone at (909) 483-8556.

[↑ RETURN TO TOP](#)

[Information](#)

Copyright © 2003 Inland Valley Daily Bulletin
Los Angeles Newspaper Group

[Feedback](#)
