



HIRE Act of 2010

Save Taxes for 'Qualified' New Hires

As you may be aware, President Obama recently signed into law the Hiring Incentives to Restore Employment (HIRE) Act. To encourage the hiring of workers by the private sector, the HIRE Act provides that an employer that hires a 'qualified' worker does not have to pay the employer's 6.2% share of the Social Security payroll tax on that employee for the remainder of 2010. That's a savings of up to \$6,621 for employees that earn the maximum wages subject to Social Security tax (\$106,800). In addition, if the employer keeps the employee on the payroll for 52 weeks, the employer is eligible for an additional non-refundable tax credit of up to \$1,000, to be taken on the employer's 2011 income tax return.

Guidelines Include:

- The employee must have been hired after February 3, 2010 and before January 1, 2011.
- The employee must have worked fewer than 40 hours during the 60 days prior to beginning work, and must sign a statement to that effect.
- The employee must sign the Form W-11 or a similar statement certifying their eligibility.
- The employee must be an additional hire, or if the employee is a replacement, it must be replacing a voluntary termination or an employee that was terminated for cause.
- The employee must not be related to the qualified employer or anyone owning 50% or more of the stock or other capital of the employer.

The payroll tax exemption applies to wages paid to the qualified employee from March 19, 2010 through December 31, 2010.

Please let us know if you have any qualified employees, so that we may make the necessary adjustments on your second quarter payroll report Form 941. The Form W-11 is available on our website for your convenience.

If you have any questions, please feel free to call our office.