

Important Information

HIRE ACT 2010 – EMPLOYER TAX CREDIT

On March 18, 2010, the Hiring Incentives to Restore Employment (HIRE) Act of 2010 was signed into law and provides employers tax incentives to hire and retain new employees.

Qualified Employer: Most employers (with certain exceptions such as government or household employers) are eligible, including seasonal employers.

Qualified individual: A new employee who meets the following requirements:

- Begins employment with a qualified employer after February 3, 2010 but before January 1, 2011.
- Has not been employed for more than 40 hours during the previous 60 days.
- Is not hired to replace another employee unless the previous employee resigned or was separated from employment for cause.
- Is not a relative of the employer.

Hiring Incentive: Qualified employers may be exempt from the employer's 6.2 percent portion of Social Security payroll taxes on wages paid to newly-hired employees who had been previously unemployed. The FICA payroll holiday period for wages paid to a "Qualified Employee" is March 19, 2010 through December 31, 2010.

Retained Worker Credit: An employer may be eligible for a business tax credit of up to \$1,000.00 for each qualified employee retained for at least one year of employment; this is claimed on the annual company business return.

Documentation: Any new hire must certify his/her previous employment status by signed affidavit (IRS Form W-11) which may include, at least the following information:

- A statement of "under penalty of perjury, that I (Name of Employee), have not been employed for more than 40 hours during the 60-day period ending on the date of employment of (Hire Date) with the (Current/Hiring Company Name)".
- Employee signature

In order to obtain the 6.2 percent tax credit, employers are responsible for reporting qualified employees. Therefore, we have enclosed a "HIRE ACT 2010 REPORTING" form which must be filled out and returned to Payroll Systems along with your regular quarterly reporting information.

More detailed information can be found on the Payroll Systems website. Go to: www.payrolldoneright.com/stimulus.html