

# FYI IPNE NEWSBLAST



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## **New Hiring Incentives to Restore Employment Act (Hire Act)**

**(Payroll tax holiday and up-to-\$1000 credit for employers who hire unemployed workers)**

Here at Insurance Professionals of New England, Inc. we are proud to provide value added service delivered with a social conscience. We wanted to reprint an informative article titled "New Hiring Incentives to Restore Employment Act (Hire Act)" by Brenda M. Bianculli, CPA, LLC.

This new law exempts any private-sector employer (including nonprofit organizations) that hires a worker after Feb. 3<sup>rd</sup>, 2010 and before Jan. 1<sup>st</sup>, 2011 who had been unemployed for at least 60 days from having to pay the employer's 6.2% share of the Social Security payroll tax on that employee for wages paid after Mar. 18<sup>th</sup>, 2010. As an additional incentive, for any qualifying worker under this initiative that the employer keeps on payroll for a continuous 52 weeks, the employer is eligible for an additional non-refundable tax credit of up to \$1000 after the 52-week threshold is reached, to be taken on their 2011 tax return. In order to be eligible, the employee's pay in the second 26-week period must be at least 80% of the pay in the first 26-week period. The credit cannot be carried back or carried forward. Following are some additional features of the new hiring incentive:

- **There is no minimum weekly number of hours that the new employee must work for the employer to be eligible, and there is no maximum on the dollar amount of payroll taxes per employer that may be forgiven.**
- **An employer can't claim the new tax breaks for hiring family members, but it is not clear if the definition of "family member" includes a "spouse".**
- **A worker who replaces another employee who performed the same job for the same employer is not eligible for the benefit, unless the prior employee left the job voluntarily or was terminated for cause.**
- **For the hiring to qualify, the new hire must sign an affidavit, under penalties of perjury, stating that he or she has not been employed for more than 40 hours during the 60-day period ending on the date the employment begins. Form W-11 can be used.**
- **The incentive is not biased towards either low-wage or high-wage workers. Under the measure, a business saves 6.2% on both a \$40,000 worker and \$90,000 worker. There is also no minimum age.**
- **If an employee was laid off in 2009 and the employer rehires that employee, the employer is eligible for the exemption and credit.**

*Note: the new law also gives a one-year extension of the \$250,000 enhanced small business expensing of capital purchases.*

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