



Federal HIRE Act

On March 18th, 2010 President Obama signed the Hiring Incentives to Restore Employment (HIRE) Act into law, which contains several new Federal tax credits that you, as an employer, may be able to take advantage of. As part of our comprehensive Federal and State tax credit services to our clients, The Tax Credit Processing Center has made the necessary adaptations to our system to accommodate these new credits and help our clients maximize their overall tax credit potential.

The HIRE Act impacts employers by providing immediate payroll tax forgiveness and a long-term retention credit to employers for hiring certain qualified employees.

NOTE: If you are not the decision maker or program administrator for your company's tax credit program, please forward this important information on to them!

Payroll Tax Forgiveness

- Employers may be able to see an immediate improvement to their bottom line by electing to take advantage of the 6.2% Employer OASDI Social Security Tax exemption for 2010 wages. This applies to wages paid after March 18, 2010 and before December 31, 2010 to new hires who were not employed more than 40 hours in the last 60 days prior to being hired by the current employer up to the maximum wage amount of \$106,800.
- Eligible employees must sign a self-attestation affidavit at the point of hire attesting to having met the unemployment criteria. This form must be completed in order for the employer to take advantage of the credit.
- The amount of the credit is contingent upon the level of the employee's total wages and start date. For example, the lower the wages, the lower the credit; the credit will also be lower if the employee is hired later in the year.

Long-Term Retention Credit

- Employers may receive an additional credit on qualified employees hired after February 3, 2010 and before December 31, 2010 as long as those employees remained employed for 52 consecutive weeks.
- Employees who qualified for the HIRE Act's Payroll Tax Forgiveness and for whom the employer elected to take the payroll tax forgiveness will likewise be qualified for the Retention Credit. The same self-attestation affidavit is required.
- The amount of the Retention Credit is \$1000, or 6.2% of wages paid to the qualifying employee over the 52 week period, whichever is less. However, during the last 26 weeks, the employee's wages must equal at least 80% of the wages that were paid to that employee during the first 26 weeks.



Important Facts

- A qualified individual cannot displace a current employee unless that employee separated from employment voluntarily or for cause.
- Former employees who were laid off may also qualify for HIRE Act credits if all other criteria are met.
- In accordance with the HIRE Act guidelines, an employer must make a deliberate election to pursue
- Work Opportunity Tax Credits (WOTC) over Payroll Tax Forgiveness.
- For newly hired employees that qualify for both HIRE Act credits and WOTC, the employer must choose to take one credit or the other (HIRE or WOTC). (Hurricane Katrina is a WOTC credit.)
- It is possible for an employer to mix and match the two credits among its employee pool by choosing to take HIRE credits on some qualified employees, and WOTC on others.
- There may be times when one credit or the other (HIRE or WOTC) has greater value to the employer.
- HIRE credits have no impact on Federal tax credits related to Renewal Communities and Empowerment Zones. HIRE credits have no impact on any applicable State tax credits.

TaxBreak is here to handle all of your tax credit processing needs! Our focus in the industry allows us to provide you the most accurate information so that you are aware of all your tax credit opportunities. We will provide you the options for which you qualify so you can make the best financial decisions regarding your company's tax credit program.

