

Hiring Incentives to Restore Employment (HIRE) Act

With all the attention given to health care reform, many businesses have overlooked possible benefits of the Hiring Incentives to Restore Employment (HIRE) Act that was passed on March 18th, 2010. This act provides immediate tax incentives to businesses who hire previously unemployed workers, including part-time and temporary help, summer interns, and rehired workers.

We published general information on the HIRE Act on our [Website](#) in March and have received many questions in recent months as businesses hire eligible employees. If you are wondering if any of the employees that you hired in 2010 are eligible or if you are planning to hire in 2010, please read on for specifics about the tax incentives your business could receive.

Qualifying Employees

There are many types of employees who can qualify, including:

- High school and/or college students hired to work during summer
- Summer interns, and any other intern
- High school students that work part time and/or weekends
- Recent college graduates
- Previously laid off employees
- A new employee to replace a former employee that left your company
- Employees hired due to expansion or growth
- Employees hired to work on a specific project

If you hire any of the above employees after February 3, 2010 and before January 1, 2011, and they did not work more than 40 hours in the 60 days prior to their first day of employment or rehire date with you, you are eligible for a 6.2% Social Security Tax credit on their wages paid from March 19, 2010 through December 31, 2010. The newly hired or rehired employee cannot displace a current employee unless the previous employee voluntarily left or was terminated for cause and household employees do not qualify.

This credit is different than many incentives because it is simple with very limited exclusions. There is no waiting period, no required number of hours or length of employment, and the paperwork required is minimal.

How Does the HIRE Act Measure Up?



☆☆☆Examples☆☆☆

Milwaukee Festival Employer

- Restaurant hires 25 previously unemployed summer employees for 2010 festival season
- Each makes \$2,500 for the summer
- Employer receives tax credit of \$3,875

Landscaper with Seasonal Employees

- Hires same 10 employees to work in 2010 that have worked past 5 years, provided they are not employed prior to working at course
- Pays total of \$150,000 to employees
- Employer receives tax credit of \$9,300

Traditional Hiring

- Business has four new employees start work on June 1st after college graduation
- Pays \$100,000 in wages in 2010
- Employer receives tax credit of \$6,200

Guidance for Employers

We recommend the following steps for all employers who hire in 2010:

1. Have all new hires complete a federal [Form W-11 HIRE Act Employee Affidavit](#).
2. Keep original signed W-11 in employee file and provide signed copy to Komisar Brady, your payroll service, or your payroll department (depending on who handles your payroll tax reporting).
3. Review quarterly payroll Form 941 to ensure you receive the credit.



In addition to the 6.2% credit, employers can claim up to \$1,000 per qualifying employee who are retained for 52 consecutive weeks. This credit is claimed on the 2011 business income tax return and can be carried forward if not used in 2011.



While very few businesses are eligible for the Railroad Truck Maintenance or Biodiesel Fuels Credits, the HIRE Act incentives are applicable for nearly any business bringing in new employees in 2010 and we encourage all businesses to be aware of the requirements and educated on how to claim the maximum incentive. Accordingly, please contact Paula Smasal psmasal@komisarbrady.com or Michael Burzynski mburzynski@komisarbrady.com should you have questions about your business' eligibility or procedures to claim the credit.

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