

# Reminder About 2011 Employment Incentives

Over the past two years, we have all been subject to intense media coverage surrounding high unemployment levels and jobs creation initiatives. The best known incentives were included in the *Hiring Incentives to Restore Employment ("HIRE") Act* from March 2010.

Many employers took advantage of the HIRE Act credits in 2010 by receiving a FICA "holiday" from hiring unemployed individuals and all American workers benefited from the employee FICA decreasing from 6.2% to 4.2% in 2011. However, there is another lesser known provision of the HIRE Act known as the HIRE Retention Credit, which rewards employers for keeping those same workers for at least a year.



## HIRE Retention Credit Details

We mentioned the HIRE Retention credit in a website article in June 2010 ([Click for link](#)), and here is a refresher. The HIRE Retention Credit is a general business tax credit for each new worker retained at least a year, worth the lesser of \$1,000, -or- 6.2 percent of wages earned during the 52-consecutive week period by the new hire. This credit is claimed on the employer's 2011 corporate income tax returns. There are four main employment parameters for the credit:

1. Hired after February 3, 2010.
2. Employed for at least 52 consecutive weeks.
3. Wages during the last 26 weeks must be at least 80 percent of the wages paid for the first 26 weeks (i.e. Must truly work full 52 weeks to receive the credit).
4. Only wages earned with a check date of March 19, 2010 to December 31, 2010 are eligible for the credit.

Additionally, the credit only applies to tax years beginning after March 18, 2010, meaning it cannot be carried back but *may* be carried forward to future years.

## Wisconsin's New Jobs Creation Deduction



In addition to the federal employment credits, Wisconsin stepped into the mix in February 2011 with the New Jobs Creation Bill. This law provides tax incentives to Wisconsin employers who hire additional employees.

Under this law, businesses with annual sales of \$5 million or less receive an additional state tax deduction of \$4,000 for each job created and larger companies receive an additional state tax deduction of \$2,000 for each job created. "Jobs created" is defined as the increase in the number of full-time equivalent employees hired by the business in Wisconsin during the year.

Both of the above incentives can mean significant savings for employers, but eligibility and calculation can be complicated. Contact Al Lopata ([alopata@komisarbrady.com](mailto:alopata@komisarbrady.com)) or Dan Burzynski ([dburzynski@komisarbrady.com](mailto:dburzynski@komisarbrady.com)) from our tax department with any questions you may have regarding the 2011 hiring incentives and your business.