



March 23, 2010

Dear client,

On March 18th the President signed into law the Hiring Incentives to Restore Employment (HIRE) Act.

The HIRE Act creates:

- ❖ A social security tax “holiday” for the employer share of social security tax on wages paid to a previously unemployed new hire, and
- ❖ A separate business tax credit of up to \$1,000 if the employee is employed for at least 52 weeks.

The aim of the Act is to free up funds for employers to hire individuals who have been out of work to fill new positions and further stimulate the recovering economy.

Social Security tax Exemption:

- ❖ Employers can save the 6.2% portion of Social Security Tax on pay to qualified new hires
- ❖ Applies to wages paid from Mar. 19, 2010 to Dec. 31, 2010 to qualified individuals hired after Feb. 3, 2010
- ❖ Employees must certify in a signed affidavit, under penalties of perjury, that they have not been employed more than 40 hours during the 60-day period ending on the day they begin work for you
- ❖ There is no limit or cap on amount paid or hours worked
- ❖ Does not apply to family members; Does apply to rehires

Tax Credit:

- ❖ Employers can receive an additional tax credit on their 2010 return which is the lesser of \$1000 for each qualifying individual or 6.2% of the wages paid to each qualified individual during the year.
- ❖ Wages paid to domestic workers does not qualify

Neither the 6.2% Social Security Tax exemption nor the Retention Tax Credit is permitted if a person is hired to replace another employee unless the other employee left voluntarily or was terminated for cause.

Below you will find links to additional information on the provisions of the Act and a template for the affidavit requirement.

I hope this information is helpful to you and your business. I look forward to assisting you in all aspects of this new tax saving implementation! Please do not hesitate to call with any concerns or questions; ask to speak with myself or any other member of BOST (Business Operations Support Team).

Very truly yours,

Velina N. Beasley, CPP
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Member of the American Payroll Association