

OVERVIEW: The HIRE Act

The below information was provided to LAT by ADP payroll.

The HIRE Act is focused on job creation. It includes many provisions that impact employers, including payroll tax reductions and tax credits for employers that have employees that meet certain eligibility requirements:

- The 6.2% Employer Social Security Tax exemption applies to 2010 wages paid after March 18, 2010 to individuals hired after February 3, 2010, who were previously unemployed for at least 60 days.

This exemption has no cap or limit as to the total amount of tax benefits that can be claimed by an employer. Employers can save up to \$6,622 per qualifying worker, whether they hire one worker or hundreds of new workers.

- Employers are also eligible for a \$1,000 income tax credit on their 2011 business tax returns if these qualified workers are employed for at least 52 consecutive weeks and earn at least 80 percent of annual wages.

WHAT SHOULD I DO IF I HAVE QUALIFIED EMPLOYEES?

Inform your accounting department or payroll provider of the new law to see if you have any employees that qualify.

The new law requires that employers get a statement from each eligible new hire, certifying under penalties of perjury, that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for anyone during the 60-day period.

Employers can use Form W-11 to meet this requirement. You can find this form at www.irs.gov, and search for "Form W-11".

For more information, please go to the link below.

<http://www.irs.gov/newsroom/article/0,,id=220326,00.html>