

JENNINGS & CLOUSE, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1509 HUNT CLUB BOULEVARD • SUITE 500
GALLATIN, TENNESSEE 37066-6044

ROBERT L. JENNINGS, III, CPA
BARRY C. CLOUSE, CPA

TELEPHONE: (615) 206-0360
TELEFAX: (615) 206-0363
E-MAIL: info@jenningsclouse.com

HIRING INCENTIVES TO RESTORE EMPLOYMENT (HIRE) ACT **Enacted March 18, 2010**

Payroll Tax Forgiveness

Under the HIRE Act, a qualified employer's 6.2 percent OASDI Social Security tax liability is forgiven for wages paid on previously unemployed new hires for any 2010 period starting after March 18, 2010 through December 31, 2010. A "qualified employee" must start work anytime after February 3, 2010 and before January 1, 2011, and generally must have been unemployed for at least 60 days before his or her start date.

A qualified employee meets the following requirements:

- Begins employment with a qualified employer after February 3, 2010, but before January 1, 2011.
- Has not been employed for more than 40 hours during the previous 60 days. The individual must sign an affidavit attesting to the employer that he was not employed in the previous 60 days, or was employed for no more than 40 hours total.
- Is not hired to replace another employee unless the previous employee was separated from employment voluntarily or for cause.
- Is not a family member of the business owner.

Retained Worker Business Credit

Employers that hire new workers who qualify for the payroll tax forgiveness and keep them on the payroll for at least 52 consecutive weeks may be eligible for a tax credit for each of those qualifying employees. This new regulation incentive is provided by way of the current year's Code Sec. 38(b) business tax credit, which is increased, with respect to each qualified retained worker, by the lesser of:

- \$1,000 or
- 6.2 percent of wages paid by the taxpayer to the qualified retained worker during a 52-consecutive week period.

Please contact our office at (615) 206-0360 for more information regarding the HIRE Act and how it may apply to you!