

HIRE ACT OF 2010

PRESENTED BY

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**VP OF
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ADVANTAGE[®]
PAYROLL SERVICES



New Hire Act

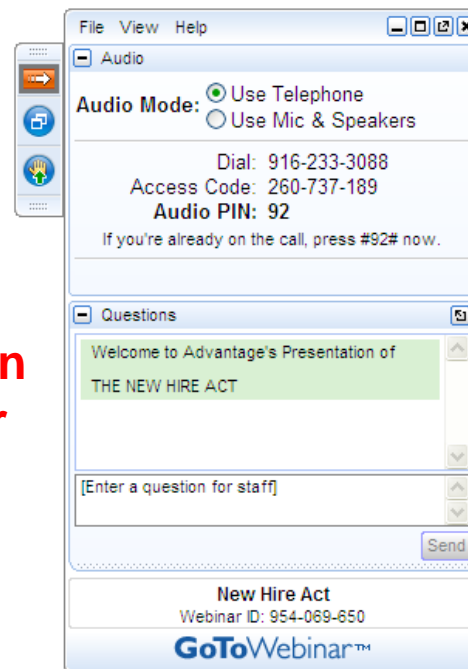
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Audio: Use your microphone and speakers (VoIP) or call in using your telephone.

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Yvette Hector
VP of Operations
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What is the New HIRE ACT?

Under the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers (“qualified employees”).

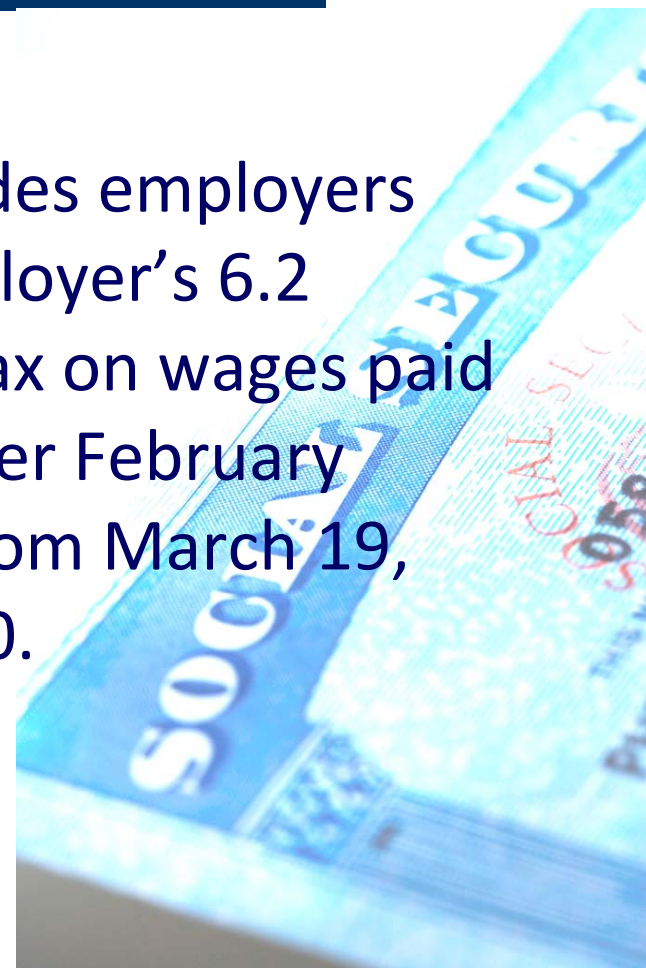
One incentive is a payroll tax exemption and the other is a business tax credit.

Qualifying the New Hire

- Begins with a qualified employee after February 3, 2010 but before January 1, 2011
- New hire has not been employed for more than 40 hours total during the previous 60 days
- New hire was not hired to replace another employee UNLESS the previous employee was separated from employment voluntarily or for cause
- New hire cannot be a family member
- The Social Security tax exemption can not be taken in conjunction with the Work Opportunity Tax Credit (WOTC). For information about WOTC go to <http://www.doleta.gov/business/incentives/opptax/>

What is the Payroll Tax Incentive?

The payroll tax exemption, provides employers with an exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees hired after February 3, 2010 but only on wages paid from March 19, 2010 through December 31, 2010.



How do I get the Payroll Tax Incentive?

- New hire to complete form W11 (see attached). Must be kept on file with employer.
- Submit form to your Customer Service Rep along with the rest of your new hire information and they will be flagged accordingly
- Instant Payroll users will see a pop up screen during the new hire process and will be able to flag the employee. IP users do not need to send the W11 form to your CSR. Please keep it in your files.

What is the Business Tax Credit?



For each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit. Referred to as the new hire retention credit.

How do we get the Business Tax Credit?

For the employer to claim this additional credit, wages paid during the previous 26 weeks must equal at least 80% of wages during the first 26 weeks of employment.

The amount of the credit is the lesser of \$1,000 or 6.2 percent of wages paid by the employer to the retained qualified employee during the 52 consecutive week period.

The credit can be claimed on the 2011 Income Tax Return

Form **W-11**
(April 2010)
Department of the Treasury
Internal Revenue Service

Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit

▶ Do not send this form to the IRS. Keep this form for your records.

To be completed by new employee. Affidavit is not valid unless employee signs it.

I certify that I have been unemployed or have not worked for anyone for more than 40 hours during the 60-day period ending on the date I began employment with this employer.

Your name _____ Social security number ▶ _____

First date of employment ____/____/____ Name of employer _____

Under penalties of perjury, I declare that I have examined this affidavit and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature ▶ _____ Date ▶ ____/____/____

Instructions to the Employer

Section references are to the Internal Revenue Code.

Purpose of Form

Use Form W-11 to confirm that an employee is a qualified employee under the HIRE Act. You can use a written similar statement if it contains the information above and the employee signs it under penalties of perjury.

Only employees who meet all the requirements of a qualified employee may complete this affidavit or similar statement. You cannot claim the HIRE Act benefits, including the payroll tax exemption or the new hire retention credit, unless the employee completes and signs this affidavit or similar statement under penalties of perjury and is otherwise a qualified employee.

A "qualified employee" is an employee who:

- begins employment with you after February 3, 2010, and before January 1, 2011;
- certifies, by signed affidavit, or similar statement under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period ending on the date the employee begins employment with you;
- is not employed by you to replace another employee unless the other employee separated from employment voluntarily or for cause (including downsizing); and
- is not related to you. An employee is related to you if he or she is your child or a descendant of your child,

your sibling or stepsibling, your parent or an ancestor of your parent, your stepparent, your niece or nephew, your aunt or uncle, or your in-law. An employee also is related to you if he or she is related to anyone who owns more than 50% of your outstanding stock or capital and profits interest or is your dependent or a dependent of anyone who owns more than 50% of your outstanding stock or capital and profits interest.

If you are an estate or trust, see section 51(j)(1) and section 152(d)(2) for more details.



Do not send this form to the IRS. Keep it with your other payroll and income tax records.

The Payroll Process



- Once your new hire is flagged as eligible the system will not calculate or withhold the employer portion of the social security tax on their wages.
- If you change the status after the employee has already been paid you will be reimbursed any employer paid social security taxes you paid for this worker.
- If you change the status from qualified to non qualified any social security credit you already received will be withheld on your next payroll.
- The payroll tax exemption for wages paid during the first quarter of 2010 will be claimed on a new Form 941 updated to account for the tax credits as of second quarter of 2010

Sample HIRE ACT Payroll Report

- This report will automatically generate when you have eligible employees flagged and paid.

HIRE-ACT
Date: 05/04/2010 Time: 17:02

94- 809 TIA TRAINING CLIENT
HIRE Act Credit Report

Page: 1
Check Date: 5/07/2010

----- Employee -----		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Y-T-D
080900067 BOYD, TIA	Eligible Wages	1,000.00	2,222.50	0.00	0.00	3,222.50
Hire Date: 01/08/2009	FICA Savings	62.00	137.79	0.00	0.00	199.79
Company Totals	Eligible Wages	1,000.00	2,222.50	0.00	0.00	3,222.50
	FICA Savings	62.00	137.79	0.00	0.00	199.79

Resources

- IRS Website



<http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>

- NYS Department of Labor Calculator

<http://www.labor.ny.gov/hireactcalculator.shtm>

- Advantage HRAnswerlink



[http://www.liadvantage.com/HRBenefitsSolutions/HRAnswerLink/tabid/71/Default.a
spX](http://www.liadvantage.com/HRBenefitsSolutions/HRAnswerLink/tabid/71/Default.aspx)

- This presentation and Q&A can be found at

<http://liadvantage.com/ClientSetupForms/Webinars/tabid/564/Default.aspx>

Questions?

