

previous employee was separated from employment voluntarily or for cause.

- are not a family member of the business owner.
- are not a household or government employee.

### **Additional Notes**

- Seasonal employees qualify if they meet the prior conditions.
- There is no limit to the total number of hires during this period.
- The social security tax exemption cannot be taken in conjunction with the Work Opportunity Tax Credit (WOTC). In other words, if the employer chooses to take the WOTC on a qualified worker, they cannot also take the social security tax exemption.

### **Business Tax Credit for Retention**

- An additional business tax credit can be claimed by the employer for each qualified individual who stays with the employer for 52 consecutive weeks.
- Credit will be the lesser of \$1,000 or 6.2% of wages paid during the 52-consecutive-week retention period.
- Wages paid during the previous 26 weeks must equal at least 80% of wages paid during the first 26 weeks of employment.

### **IRS Guidelines**

The IRS is issuing guidance as quickly as possible on many reporting issues created by the Act. Here is what is known so far:

- Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, for employers to use for eligible employees, is now available through the IRS or at [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small).

- Employers can claim their social security portion as a tax credit and report qualified exempt wages on the quarterly 941 return.
- The quarterly Form 941 is being updated to account for the tax credits. First-quarter wages and credits will be reported on the second-quarter form.
- There will not be a new Schedule B form.
- Form W-2 will be modified to include a new box 12 code of "CC" to report exempt wages and tips for qualified employees. Form W-3 will also be modified to sum up the box 12 code CC totals.

### **What You Need to Do**

- Determine which employees hired after February 3, 2010 qualify under the social security forgiveness provision.
- Go to <http://www.irs.gov/pub/irs-pdf/fw11.pdf> and print the new Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit.
- Have each qualified employee complete and sign the affidavit form.
- Fax a copy of the completed affidavit for each qualified employee to Advantage. Be sure to include your Advantage client number and employee number on each form. **Our fax number is below.**
- Retain the original for your records.

### **HIRE Act Tools**

- Stay informed! For the latest on the IRS details and how the HIRE legislation may affect your business, visit [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small).
- Use our HIRE Act calculator to estimate your possible savings.

### **Advantage Is Ready. We Will . . .**

- track each qualified employee for whom we receive a faxed affidavit.
- report the exempt wages and apply any appropriate tax credit amount on Form 941 according to the IRS instructions.
- continue to work closely with the IRS and communicate information to you as more details emerge.
- keep our services timely, accurate, and compliant so you can focus on your business rather than administrative details.

Please contact your Payroll Specialist with any questions.