

# Hiring Incentives to Restore Employment, or H.I.R.E.

The information contained in this presentation is current as of the date it was presented. It should not be considered official guidance.



# Two Employer Benefits

Employers who hire certain previously unemployed workers are eligible for:

- Payroll tax exemption
- New hire retention credit



# Poll Question One

Please write down your answer  
for each poll question.

# Poll Question One

What tax returns do you think employers will use to claim their allowable HIRE benefits?

- A. Personal Income Tax Return
- B. Business Income Tax Return
- C. Excise Tax Return
- D. Employment Tax Return
- E. All of the Above



# Payroll Tax Exemption

- Exemption from the employer's 6.2% share of social security tax
- Effective for wages paid from March 19, 2010, through December 31, 2010
- Employee social security and Medicare tax still apply to all wages
- Election out



# Qualified Employer

- Taxable businesses
- Tax-exempt organizations
- Taxable businesses and tax-exempt organizations in 5 U.S. Territories
- Public colleges and universities
- Indian tribal governments



# Non-Qualified Employers

- Federal, state & local governments, other than public colleges and universities
- Household employers



# Qualified Employee

- Begins employment after 02/03/10 and before 01/01/11
- Certifies that they were employed for less than 40 hours in prior 60-day period
- Is not replacing existing employee unless the employee separated voluntarily or was terminated for cause
- Is not related to employer





# Affidavit

- Form W-11 or substitute
- Signed under penalties of perjury
- Retained by employer, not filed with IRS
- May be signed electronically



# Poll Question Two

Which of the following is true about the W-11 or equivalent affidavit?

- A. It is optional for the exemption and credit
- B. Employees certify they were unemployed before March 19, 2010
- C. It has to be notarized
- D. It is signed under penalties of perjury



# Claiming the Exemption

- Form 941 and annual Employment Tax Returns
- Beginning second quarter of 2010
- Credit for wages paid between March 19 and March 31, claimed on second quarter return



# More About the Exemption

- “Electing out” on 941
- Work Opportunity Tax Credit
- COBRA credit and rehired employees.
- Code on W-2
- Interaction with “45B” credit

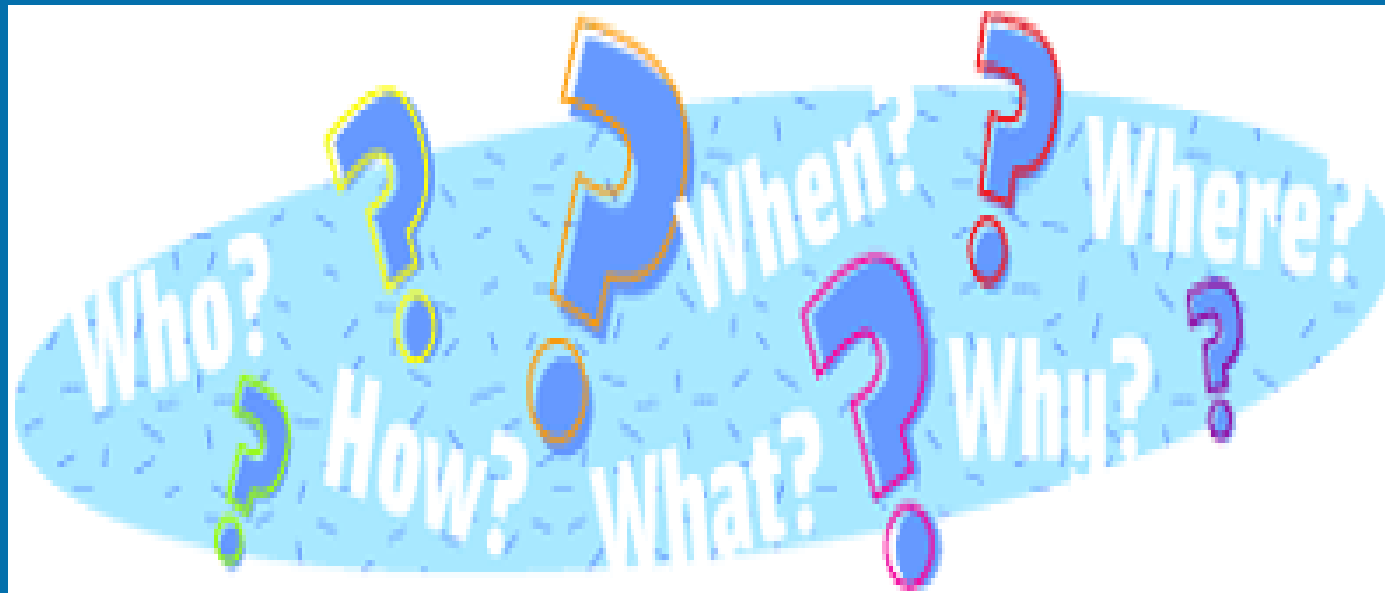


# Retention Credit

- Claimed on employer's income tax return
- Lesser of \$1,000 or 6.2 percent of wages paid to qualified employee
- Must retain qualified employee for 52 consecutive weeks
- Wages cannot significantly decrease in the last 26 weeks of employment
- Credit may be carried forward



# Poll Question Results & Audience Questions



# Poll Question One

What tax returns do you think employers will use to claim their allowable HIRE benefits?

- A. Personal Income Tax Return**
- B. Business Income Tax Return**
- C. Excise Tax Return
- D. Employment Tax Return**
- E. All of the Above



## Poll Question Two

Which of the following is true about the W-11 or equivalent affidavit?

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# Questions?

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**(Long distance charges may apply)**

