



## The Hiring Incentives to Restore Employment (HIRE) Act

# TAX BREAKS FOR EMPLOYERS

Congress passed the Hiring Incentives to Restore Employment (HIRE) Act to help businesses begin hiring again. If your business hired new workers between February 3, 2010 and January 1, 2011, your business may qualify for a payroll tax exemption. If these workers are retained for at least a year, you may qualify for the New Hire Retention Credit.

### WHAT YOU NEED TO KNOW:

#### Payroll Tax Exemption:

- Employers may be exempt from their 6.2 percent share of the social security tax on wages paid to qualified employees, effective for wages paid from March 19, 2010, through December 31, 2010. Most employers will claim it on Form 941, Employer's QUARTERLY Federal Tax Return, beginning with the second quarter of 2010. This exemption will also be claimed on annual payroll tax returns such as Form 944, Employer's ANNUAL Federal Tax Return.

#### Retention Credit:

- Your business may claim an additional \$1,000 credit for each qualified employee you keep for at least a year and whose wages are not significantly reduced in the second half of the year. It will be claimed on your business income tax return, usually in tax year 2011.

#### Who Qualifies?

- Small or large businesses, agricultural employers, tax-exempt organizations, public colleges and universities, Indian tribal government or farmers.
- Individuals who begin employment with you after February 3, 2010 and before January 1, 2011, who were either unemployed or worked 40 hours or less in the previous 60 days.
- Household employers and federal, state and local government employers (other than public colleges and universities) **do not qualify**.

#### Other requirements:

- You must have each new hire sign a Form W-11, or a similar signed affidavit, certifying they were not employed for more than 40 hours during the 60 day period prior to beginning employment with your business.

Learn more about HIRE and new jobs tax breaks at [www.IRS.gov](http://www.IRS.gov)

