

# Discussion Points

- Welcome
- Overview
- Tax Impact
- HR Issues
- Next Steps
- Question and Answers



# Overview

- General Background
  - March 18, 2010: The Hiring Incentives to Restore Employment (HIRE) Act signed
  - Stimulate workforce growth
  - Offer employer incentives to hire and retain employees
- Eligible Employer
  - Most are covered employers

# Overview (cont'd)

- “Qualified Employee”
  - Hired after February 3, 2010 but before January 1, 2011
  - Not employed for more than 40 hours during past 60 days leading up to hire date
  - Not hired to replace another employee
  - Not related to employer

# Tax Impact

- Social Security Tax Credit
  - 6.2% Employer Portion Exemption
    - Qualified Employee hired after 2/3/10 but before 1/1/11
    - Wages Paid between 3/19/10 and 12/31/10
  - Restrictions
    - Employee Salary: \$6,622 per qualified employee
    - Tax Benefits: No total amount limit
    - Number of Hires: Not total amount limit

# Tax Impact (cont'd)

- Business Tax Credit
  - Retained Worker Tax Credit (RWTC)
  - Lesser of \$1,000 or 6.2% of wages paid to employee
- IRS Guidance
  - Model Affidavit
  - New Form 941
  - Payroll Holiday

# Tax Impact Example

$$\begin{array}{rclclcl} \text{Annual Salary} & \times & \text{Job Duration} & \times & \text{SS Tax Rate} & = & \text{SS Tax Credit} \\ \mathbf{33,000} & & \mathbf{9 \text{ months}} & & \mathbf{6.2\%} & & \mathbf{\$1,535} \\ & & & & & + & \text{Retention Credit} \\ & & & & & & \mathbf{\$1,000} \\ & & & & & = & \text{Total Tax Savings} \\ & & & & & & \mathbf{\$2,535} \end{array}$$

# HR Issues

- Documentation
  - Qualified Employee Affidavit
    - Penalty of Perjury Statement
    - Last Date of Employment
    - Name of Previous Employer
    - Employee Signature
  - Employment Application

# HR Issues (cont'd)

- Administrative Procedures
  - Tickler / Notification System
  - Recordkeeping Management
- Hiring Process
  - Pre-selection to identify eligible candidates
  - HIRE vs. Work Opportunity Tax Credit (WOTC)
  - Best qualified candidate selection

# Next Steps

Plan to:

- Evaluate whether to use the HIRE Act tax breaks.
- Identify all employees meeting “qualified individual” criteria.
- Have newly-hired employees complete an affidavit.
- Adjust the payroll system as needed.
- Establish tickler / tracking system.