

2 Tax Credits: The HIRE Act of 2010

Hiring Incentives to Restore Employment

The HIRE act was signed by President Obama March 18th, 2010 which provided for 2 new tax credits for employers of previously unemployed workers.

2 Tax Credits

FICA Credit: a payroll tax holiday on the company portion of Social Security which is 6.2% of gross wages. It's still possible to capture these credits with the help of a qualified tax credits professional like MCM.

Retention Credit: provides up to \$1,000 income tax credit for retaining a qualified employee for 52 weeks or more. Retention credits are being captured on 2011 calendar year tax returns, and 2010 fiscal year returns when 52 weeks, or more, has elapsed since the date of hire.

2 Dates

2/4/2010: Unemployed workers starting jobs Feb. 4th until Dec. 31, 2010 may be eligible

3/19/2010: Credits are claimed on wages paid starting Mar. 19, 2010 continuing to Dec. 31, 2010.

2 Years: 2010 and 2011

The FICA payroll tax credit expired Dec. 31, 2010. Additional FICA credit can be claimed, or amended, by filing form 941X.

In 2011 the Retention Credit can be claimed on qualified HIRE Act employees retained for 52 weeks or more. There are additional qualifications but the first 2 steps are to make sure each HIRE act qualified employee's W-11, or similar statement is still on file, and then verify their 52 weeks of employment.

Qualifying employees

To qualify, employees are required to certify in writing, under penalty of perjury, that they have not worked for anyone for more than 40 total hours during the 60 days period before they were hired.

