

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

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July 2010

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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 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
- May be signed electronically
- Retained by employer, not filed with IRS



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



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





Section 179 Deduction

- Cost of certain property can be treated as an expense and can be deducted in the year the property is placed in service instead of depreciating it over several years.
- Under ARRA, qualifying businesses can continue to expense up to \$250,000 of section 179 property for tax years beginning in 2009.





Small Business Health Care Tax Credit

Eligibility Rules

- **Providing health care coverage**
- **Firm size**
- **Average annual wage**
- **Both taxable (for profit) and tax-exempt firms qualify**



Amount of Credit

- **Maximum Amount**
- **Phase-out**

More Information

- HIRE Act: Questions and Answers for Employers
- <http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>