

# **HIRE Act – A Quick Review**

*By Gary Haworth, CPA*

The Hiring Incentives to Restore Employment Act of 2010 (the HIRE Act) became law just recently. Shortly after the HIRE Act was signed into law, the Health Reform bill passed thus taking all the attention. Let's look at the HIRE Act provisions and how they may impact you and your business:

- **Social Security Relief**

Assuming you meet the requirements, employers do not have to pay the employer's share of Social Security employment taxes (6.2%) on wages paid to employees hired after February 3, 2010 and before January 1, 2011. (It is based on wages paid after March 18, 2010).

New hires will be required to complete and sign the newly created Form W-11 verifying he/she has been unemployed or has not worked for anyone for more than 40 hours during the 60-day period ending on the date they begin employment.

The Federal Form 941 will be changing for the second quarter, 2010 to include the above changes. It is anticipated the Form 941 will go through multiple revisions throughout 2010 so keep an eye open for the new requirements. These affect both the returns being filed and the amount of the tax deposits required throughout the quarter.

- **Tax Credit to Employers**

Employers are eligible to an additional credit for retaining new hires for at least 52 consecutive weeks. Please be sure to consult your accountant for the other requirements that apply.

- **Expensing Qualified Asset Purchases**

The HIRE Act contained provisions allowing businesses to expense up to \$250,000 of their qualifying asset purchases in 2010 (Section 179 Expense). The \$250,000 expensing limit begins to phase out the acquisitions exceed \$800,000 for the year.

The HIRE Act may not be receiving the press that the Health Care Reform Act is, but it contains very significant tax law changes that will affect almost every business.

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