



"Tax Tips" – Who have you HIREd since February 4th this year???

This weeks issue focuses on the HIRE Act

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"Look to see if any of your 2010 hires were unemployed for 60 consecutive days and less than 40 hours prior to you hiring them."

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Call us for all your business tax filings:

- Payroll,
- Sales Tax,
- Income

What is it?

It's a new law designed to incentivize small businesses to hire previously unemployed workers. There are two benefits to it:

1. No 6.2% Social Security Tax on Employer Portion of check. For payments between the dates of: 3/18/2010-12/31/2010 Still have to pay 1.45% Medicare Tax (employer portion)
2. \$1,000 Tax Credit (or lesser of 6.2% of wages) received on 2011 Corporate Tax Return

Requirements

For the first benefit:

- (New) Employee hired on or after 02/04/2010, but before Jan 1st, 2011.
- (New) Employee worked less than 40 hours TOTAL in past 60 days (for any employer) before his/her start date with you (employer).
- (New) Full time or part time employee is ok.
- Previously laid off employee by you (employer) can be rehired as new employee by you.
- You CANNOT hire any family members who are related to you, or anyone who owns 50% or more of the business.

For the second benefit:

- (New) Employee must be retained for 52 consecutive weeks.
- Wages paid to employee during last 26 weeks of employment period must be equal to at least 80% of such wages for first 26 weeks. (e.g., you cannot hire someone for 6 mts. & keep that person on payroll for 1 hr in last 6 mts. & expect any credit.)

Record Keeping:

- Signed W11 by employee (Do not send to IRS), **OR**
- Signed Statement by employee saying he/she was unemployed prior to being hired by employer. Statement has to have same info on it as W11. (Do not send to IRS).

Examples of people you can hire.

- YOU CAN **HIRE YOUR SPOUSE** if she does not own 50% of the business, is not related to any other owner of the business with 50% ownership, and if he/she satisfies 60 Day/40 hours rule mentioned above, then YES!
- **College Students** okay! So long as he/she satisfies 60 Day/40 hours rule from above, then YES!

For more info on the IRS's HIRE act, see this link:

<http://www.irs.gov/businesses/small/article/0,,id=220746,00.html>