

## FAQs for the HIRE Act

### Who is eligible?

Anyone who has been unemployed for the past 60 days or more (or worked less than 40 hours in that period) prior to starting employment with your company or organization.

The employee cannot be a family employee or replace a current employee unless the former employee voluntarily resigned or was fired for cause.

For the most part, governmental entities such as states and municipalities are not eligible for the exemption

### How do I know the employee is eligible?

The employee must sign an affidavit stating they have been unemployed for the past 60 days or worked less than 40 hours. The IRS has created form W11 as an affidavit. Follow the link under Resources > Online Forms > Employee Forms on our website.

### What do I need to tell you (The Payroll Department) in order to receive the exemption?

Have the employee read and sign the affidavit (Form W11). Let us know that the new employee is HIRE act eligible when we start processing payroll for that employee. It is not necessary to send us the W11 – we will not retain copies of this form.

### How long does the exemption last?

For wages pertaining through the period ended December 31, 2010.

### When will the employer see the benefit?

Starting with the first payroll in the second quarter, the 941 tax payment will be reduced by the amount of the exemption. Wages that are eligible prior to the second quarter, will still receive the tax exemption in the second quarter. If this pertains to you, please let us know how much of their wages that were paid on or before March 31 apply to the period March 19 - March 31.

### How much is the exemption?

The exemption covers the FICA portion for the employer share on the qualified employee(s) which is 6.2% of taxable FICA wages.

### Is there a maximum amount to the exemption?

There is no limit on the number of employees, but the FICA exemption can only be taken on the first \$106,800 of wages per employee.

### When is the first date that an employee who would otherwise be qualified have as their earliest start date?

February 4 (Date legislation introduced)

### When is the first date that the wages paid to the employee are eligible to receive the employer exemption?

March 19 (Date legislation passed)

### Can the employee be part time or is this exemption just for full time employees?

Doesn't matter. Employee may be full or part time.

### What is the deal with the tax credit (this is in addition to the FICA tax exemption)?

An employer who retains the employee for 52 weeks may take a tax credit on their business tax return. The credit is the lesser of 6.2% of their wages in this 52 week period or \$1,000. Again, there is no maximum number of employees. The employee must work at least 80% of the hours in second 26 week period compared to the first 26 week period to be eligible for this credit. The employer would apply the credit on their 2011 tax return.