

# NEW JOBS TAX BREAKS



**E**mployers may qualify for **two new tax breaks** when they hire someone who has not worked for more than 40 hours in the past 60 days. These breaks are part of the **Hiring Incentives to Restore Employment (HIRE) Act**.

Here's what you should know.

## **6.2 percent payroll tax exemption**

You may be exempt from your 6.2 percent share of social security tax on wages paid to qualified employees, effective for wages paid from March 19, 2010, through December 31, 2010. Most employers will claim it on Form 941, Employer's QUARTERLY Federal Tax Return, beginning with the second quarter of 2010. The exemption will also be claimed on annual payroll tax returns such as Form 944, Employer's ANNUAL Federal Tax Return.

## **Tax credit up to \$1,000 per worker**

You may claim an additional new hire retention credit, up to \$1,000 for each qualified employee you keep as an employee for at least a year and whose wages are not significantly reduced in the second half of the year. You claim it on your income tax return for your business, usually in tax year 2011.

## **Qualified employers**

You may qualify for these tax breaks if you are a small or large business, tax-exempt organization, public college or university, Indian tribal government or farmer. But household employers and federal, state and local government employers, other than public colleges and universities, do not qualify.

## **Qualified employees**

Generally, those beginning employment with you after February 3, 2010, and before January 1, 2011, who were either unemployed or worked 40 hours or less for anyone during the previous 60 days can qualify. You must get a Form W-11, or similar signed affidavit, from new hires certifying they were not employed for more than 40 hours during the 60 days before beginning employment.

**Learn more about HIRE and new jobs  
tax breaks at [www.irs.gov](http://www.irs.gov)**

Information worth knowing.

