

## What does the new HIRE Act mean to you?

With the [Alabama unemployment rate](#) around 11% for February and Jefferson County alone holding at 10.9%, any incentive would be a help to those without a job. The help comes in the form of a new bill called the Hiring Incentives to Restore Employment Act or HIRE Act. According to the ADP.com website, this act “focuses on job tax credits and tax incentives for employers in order to aid job creation. This legislation impacts companies of all sizes.”

Here’s a simple breakdown of the act details and how it will affect the employer and those who have been unemployed for 60 days or more.

### **For employers**

The benefits for employers take the form of a tax credit and payroll exemptions:

- Employers who hire and retain a new employee for 52 consecutive weeks will receive a Business Tax Credit.
- A payroll tax exemption has been added exempting private sector employers from paying the employer’s share of Social Security Payroll taxes from March 19, 2010 through December 31, 2010.
- The employer cannot claim the Social Security Payroll tax and the Business Tax Credit on the same employee; however, the credits can be split among several qualifying employees. For example, if you hire two employees who qualify under the HIRE Act, one could allow the employer to be exempt from the payroll tax while the other would allow the employer to claim the bonus.

To check how the tax credits can affect your business; use the [tax calculator on the ADP website](#).

### **For those laid off**

The good news is, with some provisions, hiring you is beneficial to prospective employers. The stipulations are:

- You must be able to certify that you have not worked for more than 40 hours during the 60 day period ending on the date you begin employment.
- You are hired and begin work between February 3, 2010 and before January 1, 2011.
- You are not replacing another employee unless the employee left voluntary or was asked to leave for cause.
- You are not related to the person or have a relative in the company hiring you.

Additional provisions were added such as updates to the Internal Revenue code. For additional information on this, review the Examiner article entitled “[Obama signs Jobs bill.](#)”