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**STANISLAWSKI & COMPANY, INC.**

*A Certified Public Accounting and Business Consulting Firm*

May ~ June 2010

**RE: Tax Incentives for Hiring New Employees in 2010**

Dear Friends of Stanislawski & Company, Inc.:

To assist businesses in 2010, tax incentives are being offered to encourage the hiring of employees now rather than waiting until next year. On March 18, 2010, President Obama signed into law this year's first major tax legislation - the Hiring Incentives to Restore Employment Act (HIRE Act). During 2010, Social Security taxes may be forgiven and additional tax credits are available for hiring eligible workers.

**Payroll Tax Forgiveness and Worker Retention Credit:** Employers can receive forgiveness of Social Security taxes for hiring qualified individuals as well as an additional tax credit for retaining these employees for a certain period of time. Following are the details for these and other features of the Act:

- New hires are "qualified" if they were not employed for more than 40 hours during the 60 day period ending on the date employment begins. Qualified employees generally may not displace other current employees (some exceptions apply) and may not be related to the employer. They also may not own 50 percent or more of the business directly or indirectly.
- Employees must certify their eligibility as a qualified employee by completing the new IRS Form W-11.
- Employer's Social Security tax liability (6.2%) is forgiven for wages paid to newly hired qualified individuals after March 18, 2010, and whose employment begins after February 3, 2010 and before January 1, 2011.
- Employers may offset the forgiven tax amounts against payroll tax deposits.
- An organization may also be eligible for a general business tax credit up to \$1,000 if it keeps the new employees on its payroll for 52 consecutive weeks. The credit is limited to the lesser of \$1,000 or 6.2% of wages paid to qualified individuals. Also, the wages paid during the last 26 weeks of employment must be at least 80 percent of the wages paid during the first 26 weeks of the qualifying 52 consecutive-week period.

**Section 179 Expensing Limits:** (More good news) The HIRE Act also extends and expands the Section 179 deduction to \$250,000 (subject to the phase-out limits) for qualifying property through December 31, 2010. The 2010 Section 179 deductions were previously limited to \$134,000. The HIRE Act does not extend the 50% bonus depreciation.

Please call us if you have any questions regarding the HIRE Act or if there is anything else we can assist you or your colleagues with. Remember that business is great at Stanislawski & Company, Inc. and we are looking for more.

Sincerely,

Charles G. Stanislawski, M.B.T., C.P.A

**Business is great at Stanislawski & Company, Inc. and we are looking for more.**