WALKER, FLUKE & SHELDON, PLC
CERTIFIED PUBLIC ACCOUNTANTS

525 W. Apple Street
Hastings, MI 49058
Phone (269) 945-9452
Fax (269) 945-4890

Christopher J. Fluke, CPA
Katherine K. Sheldon, CPA
David G. DeHaan, CPA

1971 S. Street Road
Ionia, MI 48846
Phone (616) 522-0792
Fax (616) 522-0873

CLIENT ADVISORY

April 12, 2010

To Our Payroll Clients,

Re: H.R. 2847 - Hiring Incentives to Restore Employment Act (HIRE)

On March 18, 2010. The Senate approved H.R. 2847, carrying the Hiring Incentives to Restore Employment (HIRE) Act, as passed by the House. The HIRE Act:

- Exempts employers from paying the employer share of Social Security employment taxes on wages paid in 2010 to newly hired qualified unemployed workers. These are workers who: (1) begin employment with the employer after February 3, 2010 and before January 1, 2011, (2) were previously unemployed and (3) do not replace other employees of the employer. The payroll tax relief applies only for wages paid with respect to employment beginning on the day after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers will still need to withhold the employee's 6.2 percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.
- Provides employers with an up-to-$1,000 tax credit for retaining qualified unemployed workers. The workers must be employed by the employer for a period of not less than 52 consecutive weeks, and their wages for such employment during the last 26 weeks of the period must equal at least 80% of the wages for the first 26 week of the period.
- New hires filling existing positions also qualify but only if the workers they are replacing left voluntarily or for cause. Family members and other relatives do not qualify.
- Businesses, agricultural employers, tax-exempt organizations and public colleges and universities all qualify to claim the payroll tax benefit for eligible newly-hired employees. Household employers cannot claim this new tax benefit.
- In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to $1,000 per worker, when they file their 2011 income tax returns.

If you have any questions or wish to discuss this or any other accounting or tax question please feel free to give our office a call. Remember, we will be posting Client Advisories on line at www.wfscpas.com.

Thank you,

Bookkeeper
Walker, Fluke & Sheldon, PLC

Enclosure