

The Hiring Incentives to Restore Employment (HIRE) Act



Situation

The Hiring Incentives to Restore Employment (HIRE) Act has been signed into law by President Obama. This program is designed to provide certain employers with tax incentives to stimulate the economy and provide the unemployed workforce with employment opportunities. The incentive is structured to encourage employers to hire employees early in the year for greater tax savings. Here are the details:

Payroll Tax Exemption

- Eliminates the 6.2% employer portion of Social Security tax for eligible new hires.
- Exemption would apply to covered wages up to the \$106,800 Social Security limit.
- The maximum benefit per qualified employee is \$6,621.

Retention Tax Credit

- Provides up to a \$1,000 federal income tax credit for eligible new hires.
- Qualified employee must be employed no less than 52 consecutive weeks.
- Employee wage stipulations apply to qualify for the maximum credit amount.

Qualified Employee

- Commences employment after 2/3/10 and before 1/1/11 and was employed less than 40 hours in the last 60 days.
- The employee is not replacing current workers unless those workers have left voluntarily or were terminated for cause. A qualified employee cannot be the employer's relative.

Solution

TALX is prepared to offer screening, tracking and reporting as required by the program. Since the effective date is February 3, TALX is uniquely positioned to assist employers in identifying new hires that may be eligible but were not screened in advance of enactment of the legislation. TALX will provide several screening options:

- On-line screening to integrate with your current applicant tracking process
- Phone screening through an interactive question matrix
- Paper screening that can be deployed to all client locations

TALX Methodology:

Screening and Evaluation

- Screen all new employees for HIRE incentives
- Create target list of employees hired after 2/3/2010 and before live screening date
- Retroactively screen for eligibility to maximize exemptions
- Track employee wages, hours worked and weeks employed
- Evaluate the payroll tax exemption and WOTC opportunity
- Verify applicant eligibility through an employee affidavit process

Compliance and Education

- Contact hiring locations to explain the program and establish procedures
- Monitor program compliance to ensure all forms and documents are returned timely
- Follow up with each hiring location on missing documentation
- Provide monthly compliance report to evaluate participation rates
- Supply analysis of exemptions captured by hiring location

Saving and Documentation

- Calculate the tax exemption to be applied to Federal Form 941
- Prepare quarterly savings report on tax exemptions secured
- Reports will provide detail by employee and hiring location
- Prepare annual savings report to review program success and compliance
- Report eligible credit opportunity by employee for HIRE versus WOTC incentives
- Calculate the federal income tax retention credit

Value

TALX has a long history of providing expert assistance with unemployment cost management, employment verifications and tax credits and incentives. TALX will leverage these resources to process and verify credentials more quickly and efficiently to maximize payroll tax exemptions and retention credits.

If you would like more information about how to benefit from these programs, please contact Pete Krieshok at **(314) 214-7325** or by email at pete.krieshok@talx.com.