



Don't Overpay Payroll Taxes!

Government studies are reporting that an estimated 5.6 million new workers were hired February-June of 2010, who qualify for the HIRE Act tax incentives, as not having worked more than 40 total hours during the 60 days before commencing employment with the new employer. The tax incentives available to both for-profit and non-profit employers are twofold---an immediate exemption from employer-paid Fica tax, plus an additional federal income tax credit in 2011 for those qualified new hires who are retained for at least 52 consecutive weeks of employment. **The total tax savings per qualified new hire total in the thousands of dollars --- but they must be identified and claimed on your quarterly IRS 941 tax forms!**

Government Reports indicate that many employers are not identifying and claiming the tax incentives they are entitled to. We recommend that you review your personnel records and identify all "new hires" after February 3, 2010. Ask each of those new hires if they had worked more than 40 hours during the 60 days preceding their hire date with you. Qualifying individuals will include those who were unemployed, most high school and college students, people who formerly were self-employed, and even your own "rehires". **You do not need to prove that the person qualifies, but instead can rely on employee affidavits which you need from every employee who qualifies.**

If your "HIRE Act tax "audit" identifies qualified employees for whom you have not claimed the Fica tax exemption, you can amend your second quarter IRS Form 941 and claim the tax exemption/credit on the amended 941 tax form. We would be pleased to help you amend the IRS 941 form to claim the tax savings to which you are legally entitled.

For detailed information about the HIRE Act tax incentives, please go to our website at www.accupay.com and read our PayDay emails dated March 26th, April 16th, and May 27th----plus you can also download employee affidavits from our website at our Forms/Downloads link. The official IRS employee affidavit is Form W-11, and AccuPay designed 2 other HIRE Act tax savings tools which you can download under "AccuPay Forms"

Do not hesitate to contact AccuPay at 885-7600 with any questions about the HIRE Act tax savings. We will be pleased to answer your questions about either the Fica tax exemption or the

"retention income tax credit". We also stand ready to prepare an amended 941 tax form for any employer who should have claimed the tax savings and did not do so.

PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.