



Subject: The Forgotten Tax Credit

Most of the focus of the 2010 HIRE ACT tax incentives revolved around the employer FICA “match” exemptions which applied to “qualified” newly hired employees (see our archived PayDay dated March 26, 2010). We have seen very little mention of the other tax savings incentive provided by last year’s HIRE Act – “retention income tax credits” of about \$1,000 each which taxpayers can claim on their 2011 business tax returns.

The exact same “new hires” who qualified for the employer FICA exemption also qualify for a 2011 Federal income tax credit (does not apply to non-profit organizations) if you retain those employees for 52 consecutive weeks from the hire date – and the wages paid those employees the second 26 weeks are at least 80% of wages paid the first 26 weeks of employment.

AccuPay’s CPA/advisors have designed a “HIRE ACT Retention Income Tax Credit Worksheet” to track/monitor your HIRE Act “retention” income tax credits. Your Company’s CPA/tax advisor can use this worksheet in planning and preparing your 2011 business income taxes. You can download this handy worksheet at our website’s “Forms & Downloads” page or by clicking [here](#).

Call an AccuPay CPP/CPA client services team at 885-7600 if you have questions about tax incentives available pursuant to the HIRE Act legislation. We also plan on assisting our clients at year-end 2011 with information needed to claim the correct Federal income tax credit amounts.

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.