

**Federal Tax Credits & Hiring Incentives**  
**for**  
**Employers Hiring *Now* !**



Provided Courtesy of Synergy Solutions

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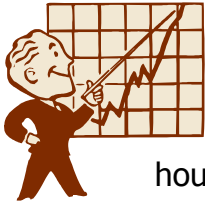
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Information provided to inform employers of tax credits currently available to US employers at the time of this writing.  
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The information provided below was obtained at the 2010 California Staffing Professionals industry conference. Intended as a summary to make you aware of programs available to employers. Please consult a tax expert to better understand eligibility for your company to participate in these savings.

## **Employer Tax Credits & Incentives**

Currently there are two programs available to employers hiring employees.



A relatively new program called the Hiring Incentives to Restore Employment (HIRE) act of 2010. This program allows employers an exemption from the employer share of Social Security taxes paid on wages to qualified employees. A qualified employee is someone who has not been employed for more than 40 hours in the last 60 days.

The other program, the Work Opportunity Tax Credit (WOTC) program is targeted at hiring employees from groups that include veterans and qualified recipients of government assistance. This program has been around for a number of years and is an ongoing program.

### **Hire ACT 2010**

In March of 2010 the US government authorized \$17.5B related in part to hiring employees currently unemployed. The program is aimed at putting people back to work by giving financial incentives to employers who hire unemployed workers.

#### **Who are the Targeted Workers?**

An employee who began work after February 3, 2010 and was previously unemployed for at least 60 days without working more than 40 hours in those prior 60 days. To qualify, the employee must fill out an affidavit swearing under penalty of perjury that they meet the qualifications. The form is called form W-11 and is available [online](#).



#### **Amount of Incentive**

For qualified employees, there is an exemption from paying the employer portion of the Social Security Tax of up to \$6,621 or 6.2% of wages up to \$106,800.

There is also a tax credit of up to \$1000 for retaining the qualified worker for up to 52 weeks. There are some wage provisions related to earnings in the first 26 weeks compared to the second 26 weeks.

The combined potential savings per employee is over \$7500. Contact your tax advisor to get further details.

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## **WOTC Program Overview**

The Work Opportunity Tax Credits has two main purposes, promote hiring of individuals from targeted groups who receive government assistance and to provide federal tax relief to companies that hire these individuals.

### **What are the Targeted Groups?**

Generally speaking it is anyone who is receiving some kind of government assistance.

Examples include:

- Food Stamp recipients ages 18 through 39 on the hiring date.
- Supplemental Security Income (SSI) recipient
- Unemployed Veteran who has received a minimum of four weeks of Unemployment Insurance benefits (from any State) in the one year period prior to the hire date AND was discharged from the military within 5 years prior to the hire date.



Employee must be retained for at least 120 hours but less than 400 hours.

### **Amount of Federal Tax Credit**

The amount of the federal tax credit is 25 percent of first year wages up to \$6,000. Once employee has been retained 400 hours or more, the credit increases to a 40 percent of wages tax credit on first year wages up to \$6,000.

Additionally, there are also carry back and carry forward provisions for unused credit that can go forward up to 20 years or until all the credit is used, whichever comes first.

## **Other Programs**

There are a multitude of other programs available to employers such as the Empowerment Tax Zone credits or Renewal Community Tax Credits but each of these has their own requirements.

Consult an authority on this topic for more information on how to qualify. If you would like the name of someone who can help, please let us know. We have a partner who is an authority on both state and federal programs. They are a performance based service meaning they will help filling out and checking the paperwork necessary to qualify for the credit and verify eligibility of the employee. Once deemed eligible, they earn a percentage of the tax credit for that employee. If the person is deemed ineligible, they earn no fee.

We hope this information has proved informative and valuable. [Synergy Solutions](#) is a full service staffing and recruiting provider. We have customized solutions for every part of the recruitment process whether full cycle recruiting or just a-la-carte sourcing of candidates. We even offer HR consulting or customized training like how to use Linked-In to do reference checks for new hires. Whatever your problem, we have a solution...all you need to do is [ask!](#)

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