

PRESIDENT SIGNS THE HIRING INCENTIVES TO RESTORE EMPLOYMENT (HIRE) ACT

On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment (HIRE) Act, an \$18 billion job creation package. The highlights of this bill are as follows.

- **Payroll Tax Forgiveness**—Private employers as well as state colleges and universities will not incur the 6.2 percent employer social security tax on wages paid to previously unemployed new hires for any 2010 period starting after enactment through December 31, 2010. Qualified new employees must start work after February 3, 2010 and before January 1, 2011, and generally must have been unemployed for at least 60 days before their start date.
- **Business Worker Retained Credit**—Employers that hire new workers who qualify for payroll tax forgiveness and keep them on the payroll for at least 52 consecutive weeks may be eligible for a tax credit equal to the lesser of \$1,000 or 6.2 percent of wages paid to the qualified retained worker during a 52-consecutive week period.
- **Sec. 179 Expensing**—The \$250,000 maximum Sec. 179 expenses deduction for purchases of fixed assets and computer software has been extended through December 31, 2010. The maximum expense would have dropped to \$134,000 for 2010 were it not for this position. Several states, including California and New Jersey, limit Sec. 179 expense to the prior Federal limit of \$25,000.

The HIRE Act is partially paid for by new measures heightening disclosure and reporting requirements for foreign accounts that will be covered in a separate Tax Alert. The HIRE Act does not include any provisions extending the numerous individual, business, charitable and energy tax incentives that expired as of December 31, 2009, the so called “extenders”. Nor does the HIRE Act extend the estate tax to 2010. Various bills have either been introduced in the House and the Senate or are being contemplated that would address these areas.

For more information about the HIRE Act or other tax-related issues, please contact Neil Becourtney, CPA, a J.H. Cohn Federal tax partner, or your J.H. Cohn engagement partner at 877-704-3500.

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