

## Client Advisory | *March 2010*

### President Signs HIRE Act - Gives Employers Incentives To Make New Hires

On March 18, 2010, President Obama signed into law the Hiring Incentives to Restore Employment Act (“HIRE Act”), which is intended to “encourage businesses to hire and help put Americans back to work.”

First and foremost, the HIRE Act amends the 1986 Internal Revenue Code to exempt employers from paying a Social Security excise tax on the wages of newly hired qualified employees.

This exemption applies to any non-governmental business or organization including public institutions of higher learning, for wages paid between March 19, 2010 and December 31, 2011. Under the HIRE Act, the exemption would apply to any “qualified employee” who: (1) is hired after

February 3, 2010 and before January 1, 2011; (2) has not worked more than a total of 40 hours in the two months prior to being hired; and (3) was not hired to replace an employee terminated from employment without cause. However, employers have the right to decline this exemption.

Additionally, the HIRE Act provides a maximum \$1,000 tax credit to the employer for each “retained worker.” A retained worker is any individual who: (1) meets the “qualified employee”

requirements described above; (2) is employed for at least 52 consecutive weeks; and (3) whose wages during the last 26 weeks of the taxable year are equal to at least 80% of the wages earned during the first 26 weeks of the year.

If you have any questions regarding the employment incentive provisions of the HIRE Act, please contact one of the authors listed below, or another member of Edwards Angell Palmer & Dodge’s Labor & Employment practice.

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Windy Rosebush Catino, Partner  
Timothy P. VanDyck, Partner  
Nicholas Soivilien, Associate

617.951.2277  
617.951.2254  
617.239.0358

wcatino@eapdlaw.com  
tvandyck@eapdlaw.com  
nsoivilien@eapdlaw.com

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