

## HIRE Act Payroll Tax Exemption Form Available April 8, 2010

### HLB Tautges Redpath, Ltd.

The Internal Revenue Service (IRS) released Form W-11 for employers to use to help them claim the special payroll tax exemption for eligible new hires during 2010. The payroll tax exemption was created by the Hiring Incentives to Restore Employment (HIRE) Act signed by President Obama on March 18, 2010, to encourage employers to hire and retain new workers.

Form W-11, posted on [www.irs.gov](http://www.irs.gov), is an affidavit to be used by employers to receive a statement from each eligible new hire to certify that he or she was unemployed during the 60 days before beginning work, or worked less than a total of 40 hours for anyone during the 60-day period.

Employers do not file this completed affidavit with the IRS; however they must retain it with other payroll and income tax records. Form 941 is used to claim the payroll tax exemption for eligible new hires. This form currently is posted in *draft* form on [www.irs.gov](http://www.irs.gov). The final Form 941 should be released in May with instructions.

The payroll tax exemption and the new hire retention credit, introduced in the HIRE Act, give employers who hire unemployed workers after Feb. 3, 2010 and before Jan. 1, 2011 the opportunity to qualify for a 6.2-percent payroll tax incentive. In addition, for each unemployed worker retained for at least a year, businesses may claim a new hire retention credit of up to \$1,000 per worker when they file their 2011 income tax returns.

Please contact Gloria McDonnell, CPA, with questions at [gmcdonnell@hlbtr.com](mailto:gmcdonnell@hlbtr.com) or 651-407-5829.

*In accordance with the Internal Revenue Service Circular 230, any tax advice included in this written or electronic communication (including attachments) was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency.*