



**CBIZ Payroll**

310 First Street, Suite 600  
Roanoke, VA 24011  
Ph: 800.815.3023 ■ F: 540.343.5279

Dear CBIZ Payroll Client:

As previously communicated, The Hiring Incentives to Restore Employment (HIRE) Act of 2010 was signed on March 18, 2010. The purpose of this legislation is to stimulate workforce growth by offering incentives to employers for hiring and retaining employees. CBIZ Payroll is actively working to update our payroll system accordingly in order to ensure that you are able to claim the tax credits that you qualify for. We expect to have this capability available within the next 3-4 weeks and we will then be able to release a document to you that will further explain the process that you will need to follow.

In summary, eligible wages paid between March 19, 2010 and December 31, 2010 to an employee hired between February 3, 2010 and December 31, 2010 are not subject to the 6.2% employer portion of Social Security tax. The qualified employee must not have been employed for more than 40 hours during the 60 days prior to employment with your company. An affidavit must be signed by the employee and filed by the employer for future audit purposes (please do not submit these to CBIZ Payroll). The IRS has released a model affidavit that should be used beginning immediately that can be found at <http://www.irs.gov/pub/irs-pdf/fw11.pdf>.

Since this payroll tax "holiday" began during first quarter, it is important to understand that the guidance provided by the IRS states that the Social Security tax paid for eligible wages from March 19<sup>th</sup>-March 31<sup>st</sup> should be taken as a credit to offset tax deposits paid in second quarter. Eligible wages paid from April 1<sup>st</sup>-December 31<sup>st</sup> will be treated as exempt and not included as taxable wages for employer Social Security tax.

The IRS has provided a comprehensive list of questions and answers related to The HIRE Act that is being updated regularly as more information is released. Please reference the following site for additional information: <http://www.irs.gov/businesses/small/article/0,,id=220746,00.html>.

Until further instruction is provided by CBIZ Payroll, you may begin by taking the following actions:

- Identify all current employees who may meet the requirements of a "qualified" employee, and ask that they sign the affidavit required by the IRS.
- By referencing the key dates noted above, identify eligible wages paid since March 19<sup>th</sup> so that you will be able to easily take additional steps once the process has been released by CBIZ Payroll.
- Establish a process for identifying "qualified" new hires for the remainder of the year and request that they sign the affidavit.

Again, you can expect to receive further instructions from CBIZ Payroll within the next few weeks. In the meantime, if there is anything further that we can assist you with please feel free to contact Payroll Services.

Sincerely,

CBIZ Payroll