



The HIRE Act May Save Your Tax Dollars

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The recently enacted Hiring Incentives to Restore Employment (HIRE) Act may benefit your business with tax savings. The Act creates the following tax opportunities.

- **Employment Tax Exemption.** The HIRE Act exempts employers from paying the 6.2% employer Social Security tax on wages paid in 2010 to newly hired workers who were previously unemployed, but only if the newly hired workers do not replace other employees of the employer and certain other requirements are met.
- **Tax Credit for Hiring.** Employers will receive up to a \$1,000 tax credit for each previously unemployed worker that the employer hires after February 3, 2010 and employs for at least 52 consecutive weeks, but only if the employee's wages during the final 26 weeks of the period are at least 80% of her wages for the first 26 weeks of the period and certain other requirements are met.
- **Enhanced Expensing.** Small business taxpayers may elect to write-off the cost of certain capital expenses in the year of acquisition in lieu of depreciating the property over time. The American Recovery and Reinvestment Act of 2009 and a prior law in 2008 had increased the maximum amount that can be expensed in 2009 and 2008, respectively, to \$250,000, and had also increased the phase-out threshold for 2009 and 2008 to \$800,000. The Hire Act extends these increases to 2010, offering potential tax savings to small businesses that make qualifying investments in 2010.

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