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[Save on Taxes under the HIRE Act](#)

If you are a business owner or employer, listen up. Would you like to know how you can save on some tax dollars? You can be entitled to tax credits through 2 new tax benefits given under the Hiring Incentives to Restore Employment (HIRE) Act, an Act that is part of the jobs bill that President Obama signed into effect. The HIRE Act was enacted to encourage employers to help put unemployed and partially employed (those working only part time) people back into the labor market by hiring them. So if you are adding to your workforce this year, the HIRE Act benefits could be especially appealing to you.

In essence, the two benefits afforded by the HIRE Act are the Payroll Tax Incentive and the General Business Tax Credit.

Under the Payroll Tax Incentive, if you hire an employee between February 3, 2010 and January 1, 2011 you may qualify for a payroll tax incentive of 6.2% of the annual wage of the worker in the form of a reduced tax withholding. Hence, the maximum amount of the benefit is \$6,621 or 6.2% of the maximum wage of \$106,800 set by the FICA. This effectively exempts you from paying your share of your worker's Social Security tax. The reduced tax withholding will not affect your worker's future Social Security benefits. You will still have to withhold the 6.2% share of your worker's Social Security tax as well as income tax. There is no change to the shares of the employer and worker of MediCare taxes.

In effect, the Payroll Tax Incentive means that if you employ a worker who is unemployed, you will not have to pay for payroll taxes on his wages for the rest of the year. So the earlier in the year you hire, the more tax credit you stand to gain.

The second benefit is the General Business Tax Credit which allows you to claim another tax credit of up to \$1,000 per worker if you retain that worker for at least a year (52 weeks).

Do all new hires qualify you for these benefits? There are a few conditions. Firstly, the new worker you hire must have been out of a job for at least two months or if he or she were working part time, the new worker must have worked no more than 40 hours for another person over the two months prior to being hired by you. You as the employer must obtain a statement from the new worker to this effect. Also, the new worker must be filling a position where the previous worker left voluntarily or for cause. You cannot hire family members and relatives as they are not eligible to get you these benefits.

Those who qualify to claim the payroll tax benefit are businesses (in particular small businesses), agricultural employers, tax-exempt organizations and public colleges and universities. But household employers are not eligible to claim this new tax benefit.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.