

MARCH 23, 2010

HIRE Act Includes Tax Benefits for Employers Adding Headcount

On March 18, the President signed the Hiring Incentives to Restore Employment (HIRE) Act. Employers that are in the position to add to their workforce should be aware of the tax benefits provided under HIRE. These benefits are intended to encourage employers to hire new employees and include the following:

- Employers who hire a new employee after February 3, 2010, and before January 1, 2011, will generally be exempt from paying the employer share of Social Security benefits—6.2% of the first \$106,800 in wages—if the new employee (i) was previously unemployed for at least 60 days, and (ii) does not replace another employee.
- For each such new employee that is continuously employed for 52 weeks, employers also may be eligible to receive a \$1,000 income tax credit.

New Hire Reporting: An Often Overlooked Legal Obligation

When hiring new employees, employers should be aware that they are legally required to report new hires within 20 days of their start date. Since the passage of the federal Personal Responsibility and Work Opportunity Reconciliation Act in 1996, all employers have been required to report the hiring of each new employee to an agency designated by the state in which the employee works. In Illinois, the designated agency is the Illinois Department of Employment Security.

The following information must be reported for each new hire:

- Employee's name, address, and social security number.
- Employer's name, address, and federal employer identification number.

This information is intended to be used by child support officials to collect child support payments and to reduce fraud associated with unemployment insurance and welfare benefits. Failure to report can result in penalties of up to \$25 per newly hired employee. Instructions on how to report new hires can be found at the website for the Illinois Department of Employment Security: <http://www.ides.state.il.us/employer/new-hire.asp>.

If you have any questions regarding new hire reporting, please contact your Katten Muchin Rosenman LLP attorney or any of the following members of the Employment Law and Litigation Practice.

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