

HIRE Act Retention Credit for 2011

The HIRE Act Retention Credit is Part II of the HIRE Act that was enacted March 18, 2010. In Part I of the HIRE Act for 2010, employers who hired “qualified employees” did not have to pay the employer portion of Social Security taxes for these employees. In Part II, for 2011, employers can claim a credit for a portion of wages paid to these “qualified employees”.

A “qualified employee” is one that was hired after February 3, 2010 and before January 1, 2011. The “qualified employee” must have signed an affidavit (Form W-11) saying that they had been previously unemployed, or, had been employed for a period of less than 40 hours at least 60 days before they were hired.

To claim the credit for 2011, the “qualified employee” must meet these two guidelines.

- The “qualified employee” must be employed by the same employer for a period of 52 consecutive weeks starting from the date of hire.
- The wages of the “qualified employee” during the last 26 weeks of the 52-week period must equal at least 80% of the wages for the first 26 weeks of the 52-week employment period.

The 2011 credit, has a maximum credit of \$1,000 per “qualified employee”. The calculation of the credit is based on 6.2% of the wages paid to the “qualified employee” during the 52-week period. Under this provision, \$16,129 of wages are required to earn the full \$1,000 credit.