



Hiring the Unemployed before year end?

Employers who hire unemployed workers before January 1, 2011 may qualify for a 6.2% payroll tax incentive. This, in effect, exempts the employer from paying their share of Social Security taxes on wages paid to after March 18, 2010 to new employees hired after February 3, 2010 and before January 1, 2011. It is important to note that this reduction will have no effect on the employee's future Social Security benefits and that Household (and some other) employers do not qualify for this benefit.

In order to qualify, the employer must get a statement (Form W-11) from each eligible new hire certifying that he/she was unemployed during the 60 days before beginning work or worked no more than 40 hours for anyone during the 60-day period. The credit is claimed on the employer's quarterly payroll tax return (Form 941). If you believe you hired and paid qualified employees without claiming the credit in the second quarter of 2010, it is not too late. An amended return (Form 941-X) can be filed to correct for the credit.

In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.