

Legal Update

March 2010

BREAKING NEWS: New “Jobs Bill” Creates Tax Incentives for Hiring Unemployed Workers

President Obama signed the new \$18 billion “Hiring Incentives to Restore Employment Act” this week, aimed at creating 250,000 new jobs. This latest federal economic incentive to spur hiring provides tax breaks to employers that employ persons who certify that they have not worked for more than 40 hours during the 60-day period prior to their hiring.

Employers who hire such workers for part-time or full-time positions between February 3, 2010 and January 1, 2011 will be exempt from paying the 6.2% Social Security payroll taxes for wages paid to these new employees from March 18, 2010 through January 1, 2011. Employers will also enjoy a \$1,000 tax credit as a bonus for each eligible employee that remains with the employer for one full year. As for the eligible employees, not only will they have a new job, but also their future Social Security benefits will remain unaffected by this reduced tax withholding. The law prohibits an employer from firing an employee for purposes of taking advantage of the tax break.

This new jobs bill also provides a tax break for a small business purchasing depreciable business assets (e.g., new equipment) and extends transportation programs to rebuild the nation’s infrastructure.

Employers should coordinate the administration of these tax incentives with their payroll departments and accountants.

FVLD publishes updates on legal issues and summaries of legal topics for its clients and friends. They are merely informational and do not constitute legal advice. We welcome comments or questions. If we can be of assistance, please call or write, Jonathan Vegosen, 312.701.6860, jvegosen@fvldlaw.com, Glenn Rice, 312.701.6895, grice@fvldlaw.com, or Orley Moskovits Desser, 312.701.6873, odesser@fvldlaw.com or your regular FVLD contact.

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