



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

Rules Pertaining to the 2010 HIRE Act

EDWARDSVILLE, IL, March 22, 2010 - The Federation of American Consumers and Travelers (FACT) has issued a bulletin concerning the "Hiring Incentives to Restore Employment (HIRE) Act.

Vicki Rolens, managing director of the Federation of American Consumers and Travelers (FACT), says the Act contains many provisions which employers need to understand in determining whether HIRE suits their respective companies' purposes.

A brief summary of the FACT bulletin:

HIRE is designed to help stimulate the hiring of workers by the private sector. Any private-sector employer that hires a worker who has been unemployed for at least 60 days is exempted from the employer's 6.2% share of the Social Security payroll tax. The tax credit applies to wages paid in 2010 to employees hired after February 3, 2010.

There's an additional tax credit of up to \$1,000 after the initial threshold, to be taken on the employer's 2011 tax return.

Among the conditions and limitations involved:

- Only wages paid after March 18, 2010, receive the exemption for payroll taxes.
- There is no minimum weekly number of hours that the new employee must work for the employer to be eligible.
- For workers otherwise eligible for the Work Opportunity Tax Credit, the employer must choose between that and HIRE.
- The tax incentives don't apply for hired family members.
- A worker who replaces another employee who performed the same job for the employer isn't eligible for the benefit -- unless the prior employee left the job voluntarily or for cause.
- The new hire must sign an affidavit, under penalties of perjury, stating that he or she hasn't been employed for more than 40 hours during the 60-day period ending on the date the employment begins.

"There are many other provisions," says Rolens, "some of which become fairly complicated and which require a tax expert to figure out and explain. FACT urges employers to seek qualified counsel before making any decisions pertaining to HIRE."

"The problem with HIRE," says one analyst, "is it assumes that an employer needs to hire someone but is failing to do so because of money. Sadly, a rather modest tax credit probably isn't enough to make a serious difference. If an employer needs and can afford a new employee, he's going to hire one -- with or without a tax incentive. If an employer doesn't need and can't afford a new employee, he's not going to hire one -- with or without a tax incentive. Bottom line ... HIRE will help primarily, if not exclusively, the employer who was going to hire a new employee anyway."

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025