

# EMPLOYMENT LAW ALERT

NEWS FOR THE CLIENTS AND FRIENDS OF BASS, BERRY & SIMS PLC

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## **Federal Jobs Bill Provides New Tax Benefits to Employers**

**April 15, 2010**

On March 18, the president signed into law the Hiring Incentives to Restore Employment (HIRE) Act, which provides certain tax incentives to businesses for the purpose of hiring new workers. First, the law extends for another year “enhanced expensing rules,” which allow small businesses to deduct the cost of business machinery and equipment up to \$250,000.

Second, and most significant for employers, the law exempts businesses who hire formerly unemployed workers from paying the 6.2 percent employer’s share of the Social Security payroll tax for such workers for the remainder of 2010. To qualify for this tax benefit, the employer must hire an individual who has (1) been unemployed for the 60-day period preceding the date of hire; or (2) worked 40 hours or fewer during such 60-day period. The IRS has published a form affidavit to be signed by employees hired under this provision, certifying that they meet the statutory requirements.

In addition, if a business hires an employee under this provision and keeps that employee on its payroll for 52 consecutive weeks, the business may claim an additional credit up to \$1,000 on its 2011 tax return.

If you plan to hire new employees in 2010, it is likely that you will be able to take advantage of one or more these tax incentives. Please contact one of the attorneys listed below if you have any questions about this alert.

**Bass, Berry & Sims Labor and Employment Attorneys**

**L. Lymari Cromwell**  
(615) 742-7903  
lcromwell@bassberry.com

**Robert W. Horton**  
(615) 742-7708  
rhorton@bassberry.com

**Michael S. Moschel**  
(615) 742-6297  
mmoschel@bassberry.com

**Justin A. Page**  
(615) 742-7786  
jpage@bassberry.com

**Davidson French**  
(615) 742-6240  
dfrench@bassberry.com

**Lin B. Howard**  
(615) 742-7927  
lhoward@bassberry.com

**Annie Warnock Neal**  
(615) 742-6517  
aneal@bassberry.com

**Leslie G. Sanders**  
(615) 742-7711  
lsanders@bassberry.com

**Tim K. Garrett**  
(615) 742-6270  
tgarrett@bassberry.com

**Alonda W. McCutcheon**  
(615) 742-7717  
amccutcheon@bassberry.com

**William N. Ozier**  
(615) 742-6232  
bozier@bassberry.com

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