

Adaptive Business Solutions, Inc.

OSAS/Traverse and HIRE Act of 2010

The “Hiring Incentives to Restore Employment (HIRE) Act of 2010” provides significant tax benefits to employers who hire eligible unemployed workers. Visit www.irs.gov to learn more about what employees are approved for the tax benefit and your company’s reporting obligations under the HIRE Act.

Following are changes to forms affected by the HIRE Act:

- Form 941, the Employers Quarterly Federal Tax Return, will be revised for second quarter filings. Any first quarter credit amounts would be treated as a payment for the second quarter – similar to the COBRA subsidy tax credit – and would need to be claimed on the second quarter Form 941 filing. For the following quarters, employers will report total amounts on the first page of the 941, and reduce the liability on Schedule B, Form 941 by the amount of the tax reduction.
- 2010 Form W-2 will have Code “CC” added to Box 12 for reporting HIRE Act exempt wages and tips for qualified employees.
- Form W-3 will have a line added
- Form W-11 to be completed by newly-hired employees to confirm they are qualified under the HIRE Act.

Employers cannot claim HIRE Act benefits, including a payroll tax exemption or a new-hire retention credit, unless the employee completes and signs the W-11 affidavit or similar statement. The form is to be kept on file by the Employer.

A maintenance update required for designating and reporting eligible employees is available for OSAS (version 7.03 and 7.52) and Traverse (versions 10.2 and 10.5) licensees who participate in the Continuous Enhancement Subscription maintenance program. Significant changes include:

1. The employee maintenance screen includes a new field to identify those employees who are eligible under the HIRE Act qualifications. The employees must be identified as eligible prior to printing the 941 reports.
2. The 941 Worksheet has been updated to reflect the new reporting requirements.

Important Note: You must make a manual GL entry to adjust for the credit claimed with the 941 report. The information to make those adjustments can be found on the 941 report, lines 6d and 12e.

