



## Robert W. Wood

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### Fire Then Hire For HIRE Tax Benefits?

Employers don't have long—only until December 31, 2010—to hire new employees and get a double tax benefit:

1. An exemption from the employer's 6.2% share of Social Security tax; and
2. A \$1,000 per employee federal income tax credit.

They come courtesy of the [HIRE Act](#). For more details, see [Hire By Year-End For Tax Breaks](#).

But what if there's a temporary interruption of employment? Can a "new" (but actually not so new) hire still qualify? It depends.

**Temporary Absence.** The IRS ruled in [Information Letter 2010-0198](#) that someone *already* a qualified employee who experiences a short term or temporary interruption in work *continues* to be qualified unless the interruption is a termination of employment. Whether it is a termination depends on the facts and circumstances. If the worker's employment is terminated, he will have to (again) meet qualified employee requirements when rehired. See [HIRE Act: Questions and Answers for Employers](#).

**Fire Then Hire.** For a former employee to qualify, his employment must be terminated so he can begin employment *after* February 3, 2010 and before January 1, 2011. Plus, he must be employed for less than 40 hours during the prior 60 days. The former employee cannot re-qualify

unless he ***hasn't*** been employed for more than 40 hours during the preceding 60-day period.

To qualify, hires must:

1. Begin employment after February 3, 2010 and before January 1, 2011;
2. Certify he hasn't been employed with the qualified employer for more than 40 hours during the 60-day period ending when employment begins (use [Form W-11](#));
3. Not replace another employee (unless the person left voluntarily or for cause); and
4. Not be related to the employer.

Qualified employers escape the employer's 6.2% share of Social Security taxes on the qualified individual's 2010 wages. The payroll tax relief applies only to wages from March 19, 2010 to December 31, 2010. For the employer to also claim a tax credit, the worker must remain employed for 52 consecutive weeks and his wages during the last 26 weeks must equal at least 80% of his wages for the first 26 weeks. The credit is the lesser of \$1,000 or 6.2% of his wages during the 52-week period.

For more, see [HIRE Act: Questions and Answers for Employers](#).

*Robert W. Wood practices law with [Wood & Porter](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009, [Tax Institute](#)), he can be reached at [wood@woodporter.com](mailto:wood@woodporter.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*