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### **New Law Provides Tax Breaks for Employers**

As the unemployment rate remains high, the Senate and House of Representatives recently passed a law aimed at creating new jobs. The Hiring Incentives to Restore Employment (HIRE) Act provides tax breaks for companies hiring jobless workers in 2010.

Specifically, between February 3, 2010 and December 31, 2010, if a private-sector employer hires a new employee who has been unemployed for at least 60 days, the employer will receive an exemption from Social Security payroll taxes for a certain period of time. An individual is considered "unemployed" under the act if he or she has not been employed for more than 40 hours during the 60 days immediately preceding the new employment. In addition, the new worker cannot replace another employee unless that employee ended employment voluntarily or was terminated for cause. The HIRE Act also allows employers to elect not to take advantage of this tax exemption. In an effort to encourage continued employment of newly hired workers, the HIRE Act provides up to an additional \$1,000 income tax credit on the employer's 2011 income tax return if the employer retains the employee for 52 weeks.

The HIRE Act also extends for one year a tax break for small businesses that allows them to write off up to \$250,000 of certain capital expenditures. President Obama is expected to sign the HIRE Act today.

#### **FOR MORE INFORMATION**

For more information, contact any Thompson Hine **Labor & Employment** lawyer.

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