

The Bankler Report

March 18, 2010

INTRODUCTION

Congress passed Hiring Incentives to Restore Employment (HIRE) Act ("small" jobs [\$18 billion] bill) on March 17th. President Obama is expected to sign into law today!

Key provisions include:

Employer Payroll Tax Holiday

Effective February 4, 2010, employers who hire unemployed citizens will receive a payroll tax credit equal to the matching 6.2% Social Security (FICA) Tax for the rest of 2010. The effect is that employers will not have to pay the matching Social Security Taxes. To be eligible, the new hire must have been unemployed for at least 60 days, and not be a replacement hire.

\$1,000 Employment Tax Credit

If qualified employees (see above) are still working for the employer at the end of 52 weeks, the employer will receive an additional \$1,000 tax credit.

Asset Expensing Extended

The bill extends the increased expensing deduction of \$250,000, which had expired December 31, 2009, through the end of 2010. The maximum deduction is reduced, dollar for dollar, for qualifying assets acquired in excess of \$800,000. The deduction is totally eliminated at \$1,050,000.

Generally, qualifying property is tangible personal property used in a trade or business. This excludes real estate, property used in connection with rental property or apartments, intangible property (except certain computer software) and otherwise qualifying property acquired from certain related parties.