

TAXALERT

April 14, 2010

IRS ISSUES NEW FORM FOR EMPLOYEES UNDER HIRE ACT

As discussed in our Tax Alert of March 23, 2010, the recently enacted Hiring Incentives to Restore Employment (HIRE) Act provides a payroll tax holiday on the employer's 6.2% Social Security tax with respect to wages paid to "Qualified Individuals" from March 19, 2010 to December 31, 2010.

Among the requirements for a Qualified Individual under the HIRE Act is a statement by the new employee under penalties of perjury representing that he/she has not been employed for more than 40 hours within the last 60 days before the date of hire. To help employers meet this requirement, on April 7, 2007, the Internal Revenue Service (IRS) issued Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit. The form does not need to be notarized. IRS expects employees to be able to sign the form electronically at some point. Form W-11 may be downloaded from: <http://www.irs.gov/pub/irs-pdf/fw11.pdf>.

Further, the IRS will be revising the second quarter Form 941-PR, Puerto Rico Employer's Quarterly Federal Tax Return, due on August 2, 2010, for employers to claim the employer's Social Security tax exemption (and a credit for the employer's Social Security tax paid on Qualified Individuals in the first quarter of 2010). The IRS has stated that it expects to finalize the new version later this month. The electronic specifications for the form will be revised at a later date.

If you have any questions or wish additional information regarding this matter, please contact any of the following attorneys of our [Tax Practice Group](#):

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