



**Unicorn HRO**

**HIRE Act**

On March 18, 2010, the Hiring Incentives to Restore Employment (HIRE) Act was enacted into law. Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time.

Employers who hire unemployed workers after Feb. 3, 2010 and before Jan. 1, 2011 may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply.

For each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

Employers claim the payroll tax benefit on the federal employment tax return they file, usually quarterly, with the IRS. Qualified employers will be able to claim the new tax incentive on their revised employment tax form for the second quarter of 2010. Revised forms and further details are posted on IRS' website: <http://www.irs.gov/newsroom/article/0,,id=220326,00.html>

Below is a summary of how the HIRE Act credits will be handled in iCON. The following pages describe these in detail.

- 1) Enter the dates for which the employer-paid FICA credit may be claimed for qualified employees in the **HIRE Act Eligibility** function in Manager Services.
- 2) After the last payroll of Quarter 2 is run and before running Reconciliation Tax Summary, run the **Quarterly HIRE Act Report**. If UnicornHRO processes your payroll, this will be run for you as part of your pay cycle. When this process runs, the system gets the employer-paid FICA (or Railroad Tier I) amounts for qualified employees' non-voided payments from March 19 through June 30. Per the Form 941 instructions, the credits for Quarter 1 and Quarter 2 must be taken on the Quarter 2 return. This report will provide information for the following lines on Form 941:
  - 6a: Number of qualified employees first paid exempt wages/tips this quarter
  - 6b: Number of qualified employees paid exempt wages/tips this quarter
  - 6c: Exempt wages/tips paid to qualified employees this quarter
  - 6d: Exempt wages/tips x .062
  - 12c: Number of qualified employees paid exempt wages/tips March 19-31
  - 12d: Exempt wages/tips paid to qualified employees March 19-31
  - 12e: Exempt wages/tips x .062
- 3) For Check Dates July 1 through December 31, the Close Process will automatically calculate HIRE Act Credits and store them. This will also be done for Manual Payments, Manual Adjustments and Net To Gross Payments. When payments are voided against Quarter 3 and Quarter 4 check dates, the credit amount will be automatically adjusted. Note that the void will only affect HIRE Act Credits if the original payment was processed for the credit.
- 4) Run the **Quarterly HIRE Act Report** and **HIRE Act Credits Processing** functions as part of your Quarter 3 and Quarter 4 payrolls to claim the credit for each tax deposit. If

UnicornHRO processes your payroll, these functions will be run for you as part of the pay cycle.

- 5) The **Payroll Funding Statement** for Quarter 3 and Quarter 4 will include the HIRE Act Credit.
- 6) **HIRE Act Credit Amounts** will be added to Manager Services. This is view-only. This is similar to COBRA Credit Amounts, except that the system automatically populates these entries, rather than manually entering them.
- 7) **Applied HIRE Act Credits** will be added to Manager Services. This is view-only, similar to Applied COBRA Credits.
- 8) Run the **HIRE Act Tax Credit Report** to calculate the general business tax credit for qualified employees who have been employed for at least 52 consecutive weeks.

## ***HIRE Act Eligibility***

To enter employees who have submitted Form W-11, enter the Start Date as the first date when their wages become eligible for the employer FICA tax credit. The End Date will default to 12/31/2010 unless it is overridden.

Employees may leave your company and be rehired, so multiple entries are allowed for each employee. Make sure that the Start and End Dates only include the dates for which the employer tax credit may be claimed. The system will accumulate the tax credit based on employer-paid FICA or Railroad Tier I taxes for Check Dates within this range.

**Luis Perez**  
Employee Number: 6090  
Job Title: Assistant Manager  
Division: Florham Pk.  
Employment Status: Active

Add HIRE Act Eligibility

\* = Required

Enter the starting and ending dates for the company to receive an employer FICA tax credit for qualified employees. Dates must be between 3/19/2010 and 12/31/2010. If the End Date is blank, the system will use 12/31/2010.

\*Start Date:

End Date:

→ submit

cancel ←

# Calculating HIRE Act Credits for Quarters 1 and 2

## Quarterly HIRE Act Report

After the last payroll of Quarter 2 has been completed and before running the Reconciliation Tax Summary function, run the **Quarterly HIRE Act Report**. By doing so, the system gets the employer-paid FICA (or Railroad Tier I) amounts for qualified employees' non-voided payments from March 19 through June 30. Per the Form 941 instructions, the credits for Quarter 1 and Quarter 2 must be taken on the Quarter 2 return.

Quarterly HIRE Act Report

\* = Required

Selection:

☒ All Legal Entities

☐ Select Legal Entity:

\*no value

Payroll Processing Group:

\*no value

Break By Payroll Processing Group:

☐

\*Tax Year:

2010

Quarter:

☒ 1 and 2 ☐ 3 ☐ 4

\*Report ID:

QuarterlyHIREActReport

Sort by:

☒ Employee Number ☐ Employee Name

→ submit

cancel ←

HIRE Act

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# Calculating HIRE Act Credits for Quarters 3 and 4

## Pending Payments (Close Process)

Starting with Check Dates on July 1 and going through December 31, the Close Process will automatically calculate HIRE Act Credits and store them. This will also be done for Manual Payments, Manual Adjustments and Net To Gross Payments. When payments are voided against Quarter 3 and Quarter 4 check dates, the credit amount will be automatically adjusted. Note that the void will only affect HIRE Act Credits if the original payment was processed for the credit.

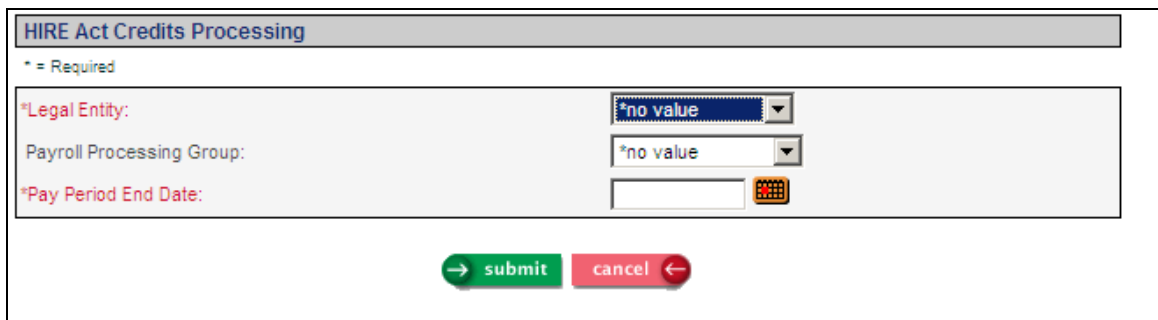
## Quarterly HIRE Act Report

In quarters 3 and 4, run the **Quarterly HIRE Act Report** after each Close Process. This may be run from Manager Services, or you may include it in your payroll workflow. By running this function, the system gets the employer-paid FICA (or Railroad Tier I) amounts for qualified employees' payments if they have been entered in HIRE Act Eligibility after the pay cycle has been completed. This will make sure that all qualified employees are included, and will eliminate any timing issues with entering new hires.

## HIRE Act Credits Processing

After you close your payroll and have run the Quarterly HIRE Act Report, and before you run the Payroll Tax Summary Interface function, run the **HIRE Act Credits Processing** function. This may be run from Manager Services, or you may include it in your payroll workflow.

When this process is submitted, the system applies HIRE Act credit amounts after your payroll close has run.



The screenshot shows a web form titled "HIRE Act Credits Processing". Below the title is a legend: "\* = Required". The form contains three required fields: "\*Legal Entity:" with a dropdown menu showing "\*no value", "Payroll Processing Group:" with a dropdown menu showing "\*no value", and "\*Pay Period End Date:" with a text input field and a calendar icon. At the bottom of the form are two buttons: a green "submit" button with a right-pointing arrow and a red "cancel" button with a left-pointing arrow.

If you process pay cycles using the Customer Management Module, you may add these 2 functions to your pay cycle workflow instead of running it from Manager Services.

After your Quarter 2 pay cycle workflows have completed, go to the Operations menu and select the Payroll Express function. For each pay cycle workflow, add “Quarterly HIRE Act Report” directly after “Close Payroll”, as shown in the following example. Then add “HIRE Act Credits Process” after “Quarterly HIRE Act Report”.

They must be placed after Close Payroll and before the Payroll Tax Summary Interface in order for the HIRE Act credit to be applied against your tax deposit.

**Select Processes**

Wizard Description: Basic Payroll - Kohr's Ice Cream Weekly

Process Description	Sequence	Process Description
AEIC Report	1	Taxable Life Process
Close Payment Log	2	Gross to Net Process
Close Payments Over Limit	3	Close Payroll
COBRA Credits Processing	4	Quarterly HIRE Act Report
Combined Register	5	HIRE Act Credits Process
Duplicate Payment Log	6	Direct Deposit Creation
Electronic Payment Regist	7	Check Print
Employee Change Report	8	Voucher Print
Employee Payroll Totals	9	Garnishment Check Print
Employee Wages Exception	10	Electronic Payment Genera
FIT Exemptions Expiring	11	Payroll Tax Summary Int.
FLS Interface	12	Payroll Funding Statement
G/L Report By Date		
G/L Validation Report		
Garnishment Check Registe		
HED Deduction Register		
HED Payment Register		
Manual Payment Register		
Net Pay Register		
On Demand Payroll Feeder		

Buttons: ->, <-, Move Up, Move Down, Save, Cancel

## Payroll Funding Statement

The **Payroll Funding Statement** will include any HIRE Act Credit amount.




<b><u>Payroll Funding Statement</u></b>		
<b>Customer Name:</b>	Kohrs Ice Cream	
<b>Pay Group:</b>	Weekly Group	
<b>FEIN:</b>	08-8264552	
<b>Payroll Check Date:</b>	07/09/2010	
<b>Pay Period End Date:</b>	07/11/2010	
<b>Date:</b>	06/18/2010	
<b>Time:</b>	02:01PM	
	<b><u>Employee</u></b>	<b><u>Employer</u></b>
<b>Gross Payroll</b>	\$8,159.88	
<b>Insurance Taxes</b>		
Family Leave Insurance NJ	\$4.92	
State Disability NJ	\$27.41	
SUBTOTAL INSURANCE TAXES	\$32.33	
<b>Taxes</b>		
Federal Income Tax	\$814.24	\$0.00
Federal Unemployment	\$0.00	\$5.06
FICA OASDI	\$335.81	\$335.81
FICA/Medicare	\$118.33	\$118.31
HIRE CR	-\$70.71	\$0.00
MMIPAA Med. Mal. Liab. NJ	\$0.00	\$0.00
SIT NJ Rate C NJ	\$2.23	\$0.00
SIT NJ Rate D NJ	\$29.34	\$0.00



## HIRE Act Credit Amounts


**HIRE Act Credit Amounts** will be added to Manager Services. Information in this function is view-only. This is similar to COBRA Credit Amounts, except that the system automatically populates these entries.

When the HIRE Act Credits Processing function runs, the system will look for any unapplied HIRE Act Credit Amounts. If any amounts are found, it will apply them. When the amount is applied, you will be able to view it in the COBRA Credit Amounts function. You will see the legal entity, pay group (if any), pay ending date, check date and amount of the credit that was applied.

HIRE Act Credit Amounts							
To update, click on information in the left column.							
Tax Year:	2010	Legal Entity:	Kohrs Ice Cream	 refresh			
Tax Year	Legal Entity	Credit Date	Quarter	HIRE Act Credit Amount	Applied	Balance	Action
2010	Kohrs Ice Cream	09/30/2010	3	193.60	193.60	0.00	 view
2010	Kohrs Ice Cream	06/30/2010	2	122.90	59.95	62.95	 view
Applied HIRE Act Credits							
Tax Year	Legal Entity	Pay Group	Pay Ending Date	Check Date	Quarter	Applied Credit	Transmitted
2010	Kohrs Ice Cream	Weekly Group	07/11/2010	07/09/2010	3	70.71	Yes
2010	Kohrs Ice Cream	Weekly Group	07/04/2010	07/02/2010	3	122.89	Yes
2010	Kohrs Ice Cream	Weekly Group	06/27/2010	06/25/2010	2	59.95	Yes

## Applied HIRE Act Credits

**Applied HIRE Act Credits** will be added to Manager Services. Information in this function is view-only, similar to Applied COBRA Credits. It is not necessary to use this function; it is provided as a convenience for users who need inquiry-only access.

Applied HIRE Act Credits							
Tax Year:	2010	Legal Entity:	Kohrs Ice Cream	 refresh			
Tax Year	Legal Entity	Pay Group	Pay Ending Date	Check Date	Quarter	Applied Credit	Transmitted
2010	Kohrs Ice Cream	Weekly Group	07/11/2010	07/09/2010	3	70.71	Yes
2010	Kohrs Ice Cream	Weekly Group	07/04/2010	07/02/2010	3	122.89	Yes
2010	Kohrs Ice Cream	Weekly Group	06/27/2010	06/25/2010	2	59.95	Yes



# Calculating the General Business Tax Credit

## HIRE Act Tax Credit Report

One of the tax benefits available to employers is the ability to claim a general business tax credit. For each qualified employee retained for at least 52 consecutive weeks, businesses are eligible for the new hire retention credit of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000. This report provides information on qualified employees to help in the calculation of the tax credit. This report can be run as needed; no information is updated.

**HIRE Act Tax Credit Report**

\* = Required

**Selection:**

☒ All Legal Entities

☐ Select Legal Entity:

\*From Hire Date:

\*To Hire Date:

\*Report ID:

You may select one legal entity, or select all legal entities to which you are authorized.

Enter the From and To hire dates. These fields will only allow dates from February 4 through December 31, 2010, since this is the only hire date range that the law allows.

The report will print a total of tax credits for employees entered in the HIRE Act Eligibility function, and a total for those who have not been entered in this function. The general business tax credit can only be claimed for eligible employees.

Below is a sample section of the report.

Date: 12/09/2010 Time: 03:23PM		HIRE Act Tax Credit Report						Page: 1 User: carol	
		Legal Entity: Outback Group		From Hire Date: 02/04/2010		To Hire Date: 12/31/2010			
Employee#	Employee Name	Hire Date	First Six Month Wages	Second Six Month Wages	Percent	Meets 80% Rule	Total Eligible Wages	Retention Credit	HIRE Act Eligibility
17094	Leah M Jorgensen	03/31/2010	55,390.76	2,901.32	5.24	No	0.00	0.00	Yes
170AK	Barbara Allen	04/28/2010	1,128.06	1,132.94	100.43	Yes	2,261.00	140.18	No
170AR	William Barkley	06/01/2010	1,599.90	1,228.00	76.75	No	0.00	0.00	No
170DC	George H Fernandez	04/05/2010	4,615.25	32,865.86	712.11	Yes	37,481.11	1,000.00	No
170DE	Bruce S Delaney	04/05/2010	9,964.23	10,854.91	108.94	Yes	20,819.14	1,000.00	No
170IA	Curtis B Iman	06/17/2010	3,794.88	2,725.76	71.83	No	0.00	0.00	No
170IA2	John K Twomey	05/04/2010	8,633.00	11,393.24	131.97	Yes	20,026.24	1,000.00	Yes
170IN3	George Clooney	02/09/2010	961.54	9,521.87	990.27	Yes	10,483.41	649.97	No
170NC2	Jeanette Wilson	06/01/2010	23,340.89	3,941.47	16.89	No	0.00	0.00	No
170NJ50	Elena M Young Parks	03/11/2010	6,600.00	2,841.30	43.05	No	0.00	0.00	No
170NJ91	Alexander Borden	06/15/2010	5,068.35	2,717.16	53.61	No	0.00	0.00	Yes