

2010 HIRE Act

Business Incentives

With the signing of the 2010 HIRE Act, several business-friendly tax provisions may benefit you. Primarily, the Act gives employers incentives for hiring and retaining unemployed workers:

- **Payroll Tax Forgiveness** — As a qualified employer, the HIRE Act effectively exempts you from paying the 6.2% OASDI Social Security tax for wages paid for any 2010 period beginning after March 18, 2010 (the date of enactment) through December 31, 2010, for new employees if certain conditions are met. I can help you understand what the qualifications are and assess whether or not this exemption applies to your business.
- **Business Credit Increase for Retention of Newly Hired Individuals in 2010** — Taxpayers can increase their general business credit by the lesser of \$1,000 or 6.2% of wages for a 52-week period for each retained worker that satisfies a minimum employment period. There are certain conditions that apply regarding the definition of “retained worker,” duration of employment and number of weeks that the employee receives wages in order to realize this credit.
- **Election to Expense Depreciable Business Assets** — Asset expensing deduction limits were set to \$250,000, but there are numerous criteria that need to be met to receive the maximum deduction.

One thing to keep in mind is that an employer can claim both the work opportunity tax credit and the retention credit on the same qualified employee.

Foreign Account Tax Compliance

For anyone who uses foreign accounts to shelter income from U.S. tax, the times are changing.

The recently enacted Foreign Account Tax Compliance Act (FATCA) (which was part of a larger jobs bill) contains a number of provisions that are intended to make it more difficult to do so. It also imposes new requirements on certain foreign taxpayers with U.S. investments.

Additionally, increased reporting requirements for financial accounts will become more routine, even if you are already U.S. tax-compliant and not part of the targeted group.

And while some of the new requirements are not immediately effective, we can help you become aware of them to assure that your finances are in compliance with the new regulations, such as:

- Mandatory Withholding on Foreign Accounts
- Repeal of Foreign Exceptions to Registered Bond Requirement
- Disclosure of Foreign Financial Accounts
- Penalties for Failure to Disclose Foreign Accounts
- Extended Statute of Limitations for Undisclosed Foreign Accounts
- Increased PFIC Reporting
- Electronic Reporting Requirements
- Foreign Trust Enforcement
- Taxation of Dividend Equivalents

FATCA's impact on the financial security you have invested in overseas accounts will need to be continually monitored. Now is the time to begin a review of your transactions to ensure that you are in compliance as the provisions of FATCA come into effect.

There are other provisions in the HIRE Act that can impact you and your business and I welcome the opportunity to meet with you to evaluate your personal.