



LEGISLATIVE UPDATE

New Jobs Incentives Proposed

February 9, 2010

The Senate is introducing [jobs creation legislation](#) and taking up the [Katrina WOTC/FEZ/DC/RC Extensions](#) that were passed in the House in late 2009.

First Advantage is following these activities and will provide you with ongoing updates. We'll help you understand how these proposals may benefit your company and help you take advantage of these potential opportunities. If you have questions about any of the following legislative activities, please contact your First Advantage account manager or e-mail tax@fadv.com.

New Jobs Creation Bill - Hire Now Tax Cut Act of 2010

First Advantage is following the Hire Now Tax Cut Act of 2010, which was introduced last week by Sen. Orrin Hatch (R-UT) and co-sponsored by Sen. Charles Schumer (D-NY). This bill would:

- Allow any private-sector employer that hires a worker who had been unemployed for at least 60 days to not have to pay the employer's share (6.2 percent) of the Social Security payroll tax on that employee for the remainder of 2010.
- Provide an additional \$1,000 2011 tax credit for any qualifying worker hired under this initiative that the employer keeps on payroll for a continuous 52 weeks.

Workers hired after the date of introduction (February 2) are eligible for the payroll tax forgiveness and the retention bonus, but only wages paid after the date of enactment receive the exemption from payroll taxes.

Other features include:

- There is no minimum weekly number of hours that the new employee must work for the employer to be eligible, and there is no maximum on the dollar amount of payroll taxes per employer that may be forgiven.
- For workers that would otherwise be eligible for the Work Opportunity Tax Credit, the employer must select one benefit or the other for 2010.
- A worker who replaces another employee who performed the same job for the employer is not eligible for the benefit, unless the prior employee left the job voluntarily or for cause.
- For the retention bonus to be paid, the worker's wages during the second 26-week period must be at least 80 percent of the wages during the first 26-week period.

This information is intended to provide a brief synopsis of recent developments in federal and state tax credits and incentives and is intended to be informational only. Because the matters described above are complicated in nature, the reader should seek appropriate legal or other professional outside counsel for a more complete explanation prior to acting on the information contained in this document. Any advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under applicable federal, state or local tax law.



Katrina WOTC/FEZ/DC/RC Extensions

The one-year Katrina WOTC, Federal Empowerment Zones, Renewal Communities, and the Indian Employment Credit extensions are still with the Senate where they are expected to roll the extenders into another jobs bill. First Advantage continues to monitor and identify your locations that may qualify as well as screen your applicants for the Indian Employment Credit in anticipation of a retroactive renewal.

About First Advantage Tax Consulting Services

First Advantage Tax Consulting Services develops and implements strategies to reduce your tax liabilities, including the Work Opportunity Tax Credit and other employment-related incentives, location-based credits and grants, training grants, and economic incentive services.

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