



Flex-Line: *Your Client Connection*

*Y Superior Customer Service Y Flexibility in Service Provided Y
Y Complete Payroll Processing Y*

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Breaking News from Flex-Pay

As you are aware, business legislation often brings new laws that impact payroll. When this legislation is announced, Flex-Pay receives regular communications on the law changes. We take the necessary actions to ensure our client's payroll processes are in compliance.

HIRE Act Tax Codes are Available for Flex-Pay Clients

As you have employees who meet the HIRE Act qualifications (restated below), Flex-Pay clients using our Call/ Fax/ Email service should simply send signed W-11 form(s) with their standard new hire information to their Payroll Specialist. Flex-Pay's Payroll Specialist will enter this employee with the appropriate HIRE Act Tax Code into our system.

Clients using our Web or PC product will not see this option on the new employee addition screen. After saving a new employee, proceed to the new employee's tax tab and manually add the new HIRE Act Tax Code, HA-SS, with a start date of 3/ 19/ 2010. This code will have a negative amount associated with it, which will reduce your Federal tax deposit amount appropriately. Please note that this amount will not be visible on the Pre-Process Register but will be reflected on your Payroll Summary Report and your Labor Distribution. For additional assistance or questions, call your Payroll Specialist.

HIRE ACT Recap

As of March 18, 2010, two new employer tax benefits are available when hiring a previously unemployed person. First, the Hiring Incentives to Restore Employment (HIRE) Act provides a 6.2% payroll tax incentive, exempting the employer from their portion of Social Security taxes on wages paid after March 18th and before January 1, 2011.

Who is a Qualified Employee?

- Has not been employed for more than 40 hrs during the 60 days prior to this position of employment and fills qualifying position criteria.

What is a Qualified Position?

- Newly created position
- Every position in a new business

- Position can be part-time, full-time or seasonal
- Filling existing position if the worker he/ she is replacing left voluntarily or was terminated for cause, which includes layoffs

The employer needs to have the qualifying employee complete the Form W-11 and maintain it on file. This form is available online at www.flex-pay.com/news.html.

Flex-Pay's system will track qualified employees, block the employer portion of these employee's social security taxes, and properly prepare the 941.

Secondly, employers may claim up to an additional \$1,000 general business tax credit when they file their 2011 income tax return for each qualified employee who worked for at least a year. Certain restrictions apply.

Additional Information on HIRE Act

- The employee needs to have been hired after February 3, 2010, and before January 1, 2011. All other taxes still apply.
- The 60 day period must be continuous.
- Municipalities and household employers do not qualify, and family members or relatives do not qualify.
- A new Form 941 will be updated to account for the tax credits beginning with the second quarter form. First quarter wages and credits will also be reported on the second quarter form.
- Employer cannot avail themselves of both the Work Opportunity Tax Credit (WOTC) and the HIRE Act incentives. Regulations regarding the impact on the FICA tip credit have not been finalized.

Flex-Pay is your resource for payroll, and as legislative changes occur that impact your payroll, we will continue to provide updates to our clients.