

March 22, 2010

To: All Ahola Clients

Subject: HIRE Act

On March 18, 2010 President Obama signed into law the HIRE Act. The HIRE Act is designed to encourage companies to increase staff through two tax incentives. The two tiered tax incentives are the following:

- Between February 3, 2010 and January 1, 2011 employers don't have to pay the employers share of the Social Security Payroll Tax, for each eligible new hire. The 6.2% credit for each eligible new hire will be taken as a credit on the employers second quarter 941 form.
- Employers are entitled to an additional credit up to \$1,000.00 if the new hire is employed for 52 consecutive weeks. The credit can be taken on the company's 2011 tax return.

To qualify for the tax incentives each new employee must certify, in writing, that he or she has been unemployed for 60 days. The IRS is developing a form for this certification.

Employers hiring laid off workers will receive the greatest benefit if hired as soon as possible after February 3, 2010.

Businesses, agricultural employers, tax exempt organizations, and public colleges and universities all qualify to claim the credit for eligible newly-hired employees. Household employers do not qualify to claim this new tax benefit.

Ahola Payroll will update its payroll process to accommodate the HIRE act. As soon as the IRS releases the new instructions and revised 941 forms, we will advise you of the new procedures to claim the credit. Please continue to watch your payroll package and the Ahola website for processing instructions.

Below is the link to the IRS announcement and can also be seen at IRS.gov.
<http://www.irs.gov/newsroom/article/0,,id=220326,00.html>

Please call our Customer Service Department if you have any questions.

Sincerely,



Mark Ahola