

UNIVERSITY OF CALIFORNIA, RIVERSIDE  
PAYROLL OFFICE  
FEDERAL HIRE ACT  
MAY, 2010

I. Background

The HIRE Act, P.L. 111-147, (“Hiring Incentives to Restore Employment”) was enacted into federal law on March 18, 2010. It provides that a qualified employer may claim a payroll tax exemption from the employer 6.2% share of social security tax on wages paid to qualified employees from March 19, 2010 through December 31, 2010.

The employee’s share of social security tax (6.2%) and both the employee and employer share of Medicare tax are still due and payable.

II. Qualified Employee:

A. Mandatory Requirements:

1. The individual must begin employment between February 4, 2010 and December 31, 2010, inclusive.
2. The individual must certify by a signed affidavit, under penalty of perjury, that he/she has not been employed more than 40 hours during the 60-day period ending on the date that employment starts.
  - a. The IRS has issued a FINAL Form W-11 that is available through the Payroll Office’s website at:  
<http://www.accounting.ucr.edu/newhireforms.htm>.
3. The 60 day period must be continuous and can span 2009-2010.

B. IRS Guidance:

1. The individual may be a recent graduate who has been in school for some or all of the 60 days preceding the start of his employment.
2. May be a rehired employee who is otherwise a qualified employee.
3. Does not apply to someone who is hired to replace an existing worker, unless the existing worker terminated employment voluntarily or was terminated for cause.

4. There is no minimum number of hours that the qualified individual must work, but the individual must be subject to social security tax and have social security tax withheld.

III. Qualifying Wages

- A. Wages paid to Qualified Employees with pay dates beginning March 19, 2010 through December 31, 2010:
- B. The first eligible pay date which could include qualified employees is April 1, 2010.

IV. Campus Procedure

- A. Please ask every new employee from March 19, 2010 through December 31, 2010 to complete and sign form W-11 if he/she meets the criteria described on section II. Please send the approved form W-11 to the campus Payroll office and retain a copy for your records.
- B. Upon receipt of a completed and signed form W-11, the Payroll Office will review, enter and update PPS. The qualifying employee will be flagged appropriately in the PPS system and reports will print on a quarterly basis. Changes to PPS to accommodate the 2010 Form W-2 will be made later in the year.
- C. A journal entry crediting back the department for the employer portion of the OASDI for qualified employees will be made in the month following the end of each quarter. The quarterly report will include sufficient information to prepare the journals, such as the FAUs and percent charged to each.