



Jobs Bill and Healthcare Reform Bill

The "Jobs Bill" (Hiring Incentives to Restore Employment Act or HIRE) and Healthcare Reform Bill were just signed into law. Our firm is closely monitoring these for the most up-to-date information to help you stay informed and compliant with the new legislation.



Jobs Bill (HIRE Act)

The key provisions of this bill include:

- **Eliminating** the 6.2% **employer social security tax** on eligible hires.
- A **one-time business tax credit** for retaining eligible employees for 52 consecutive weeks.

The following information is known from the IRS up to this point:

- The credit is for **eligible employees hired after February 3, 2010**, but only wages paid between March 19, 2010, and December 31, 2010, are eligible.
- 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.
- **Employers can reduce their federal deposit amounts** throughout the quarter by the eligible employer social security tax amount, or they can wait to claim the credit on their Form 941 return.

- There will be a **standard affidavit for employers** to use for eligible employees. Employers may create their own version as long as the wording is identical to the IRS version. The attestation should be retained by the employer for possible future audit and not filed with the IRS.

Healthcare Reform Bill

Some elements of the bill are slated to take effect within the next year, while others will take some time to implement.

- **Key Provisions Effective Immediately**
 - Tax credits for businesses with fewer than 25 employees and average annual wages of less than \$40,000 that provide health insurance (provided on a sliding scale based on wages and number of employees).
- **Key Provisions Effective In Six Months**
 - **Insurance coverage for dependent children** must be provided up to the age of **26** under group and individual policies.
 - Bans health plans from dropping people from coverage when they get sick, and **prohibits health plans from denying coverage to children under the age of 19** with preexisting conditions. (In 2014, that prohibition would extend to everyone.)
 - Prohibits lifetime limits on coverage.
 - Tightly restricts new plans' use of annual limits.
- **Key Provisions Effective In 2011 and Beyond**
 - Employers will be required to report the aggregate value of the benefits they provide for all health coverage,

excluding Medical FSAs, on employees' W-2s.

- Itemized deduction threshold for unreimbursed medical expenses will increase to 10% of AGI.
- Uninsured individuals will face fines for not maintaining health insurance and employers with 50 or more employees will be required to offer health coverage to full time employees or be subject to penalty.
- **Medical FSA contributions will be capped** at the lesser of the company's plan maximum or \$2,500, effective January 1, 2013.
- Medicare tax will increase to 2.35% on earnings over \$200,000 (\$250,000 for families) and a 3.8% medicare tax will be imposed on unearned income.
- Many additional provisions will be implemented as far out as 2018.

We Are on Top of the Situation

- We will continue to follow the provisions of the bills and inform you of any new developments, so you can concentrate on your business.



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