

HIRE ACT - IS IT MEANINGFUL FOR THE FURNITURE INDUSTRY?

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What it is: The “Hiring Incentives to Restore Employment Act” (HIRE), which was recently enacted, provides tax incentives for hiring and retaining employees (it also provides incentives for purchasing equipment and certain business assets).

How it works: Employers are exempt from paying the 6.2% Social Security portion of FICA taxes through the end of 2010 for employees that are hired between February 3, 2010 and January 1, 2011. Such employees must show that they have not been employed for more than forty hours during the sixty day period immediately preceding the employee’s start date at the new job. In addition, if the employee continues to work for 52 consecutive weeks at a specified wage level, the employer will receive a further tax credit of \$1,000.

Discussion and Question: I recently met with several executives and one of the topics discussed was the effect the tax incentive may have on hiring practices. We agreed that we hire when there is insufficient capacity to serve a sustained demand or in anticipation of such demand (incidentally, our firm is hiring). A tax incentive in itself, without such demand, would not entice us to hire because, among other things, one must still consider the cost of wages, benefits and other expenses. Of course we’ll take the tax break if offered. Will this tax incentive program affect the way you conduct your business? Please weigh in, loyal readers, by posting a comment below or emailing me at jcohen@ctswlaw.com or jcohen@homefurnishingslaw.com.

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