

# JOHNSON, AGEN, KUPFERSCHMIDT & ASSOCIATES PAYROLL NEWSLETTER

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Spring 2010  
Volume 1 Issue 5

## New Health Care Tax Credit Possible for Qualifying Small Businesses

The new health care reform law that was passed in March 2010 may give small employers (business or tax-exempt) a tax credit worth up to 35 percent of a small business' health care premium costs starting with tax year 2010. In order to qualify, an employer must contribute at least 50 percent of the health care premiums for some of its employees at the single (employee-only) coverage rate and have less than the equivalent of 25 full-time employees. To see if you qualify, follow the simple steps below:

### INSIDE THIS ISSUE

New Health Care Tax Credit for Small Businesses	1
New HIRE Act - Two New Tax Benefits	2
(New Health Care Tax Credit continued)	3
Crunchy Almond-Bacon Salad Recipe	3
New Upcoming W-2 Reporting Rule	3

### 1. Determine the total number of employees (not counting owners or family members):

Full-time employees (enter the number of employees who work at least 40 hours per week): \_\_\_\_\_

+

Full-time equivalent of part-time employees (calculate the number of full-time equivalents by dividing the total annual hours of part-time employees by 2080.)

= \_\_\_\_\_ total employees

If the *total employees* number is fewer than 25 **GO TO NEXT STEP BELOW**

### 2. Calculate the average annual wages of employees (not counting owners or family members):

Take the total annual wages paid to employees: \_\_\_\_\_

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Divide it by the total number of employees from step above (total wages ÷ total number of employees): \_\_\_\_\_

= \_\_\_\_\_ average wages

If the result is less than \$50,000 **AND** you pay at least half of the insurance premiums for your employees at the single (employee only) coverage rate, **THEN**

(continued on page 3)

## Employers Who Hire and Retain Unemployed Workers May Be Eligible for Two New Tax Benefits

Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These new benefits are part of the *Hiring Incentives to Restore Employment (HIRE) Act* signed into law March 18, 2010. The first benefit is a possible exemption of the employer's 6.2 percent share of social security payroll tax on wages paid during 2010 starting with compensation paid after March 18. Businesses, agricultural employers, tax-exempt organizations, public colleges and universities as well as temporary job agencies may claim the exemption. (The date of hire by the temporary agency is the date that must be met for temporary employees.) In order to qualify, the new employee must meet the following conditions:

- Be hired on or after February 4, 2010 and prior to January 1, 2011
- Been unemployed for 60 days prior to being hired (or rehired by the same firm) or worked 40 hours or less during the same 60-day period
- Not have been hired to replace a terminated employee unless the previous employee left voluntarily or for cause
- Certifies by signing form W-11 (or other similar statement) verifying that he or she was unemployed for the prior 60-day period
- Is not related to the employer

*"If you think you can, you can. And if you think you can't, you're right."*

*-Henry Ford*

If you have qualifying employees, you can claim the exemption on Form 941, Employer's Quarterly Federal Tax Return beginning with the second quarter of 2010. In addition, if you retain the new employee for at least one year, a business may claim up to \$1,000 general business tax credit per employee on their 2011 income tax return. For more details or for form W-11, go to [www.irs.gov](http://www.irs.gov), click on businesses, then click on title HIRE Act: Questions and Answers for Employers or call Missy at 715-822-8287.



(New Health Care Tax Credit continued)

You may be able to claim the Small Business Health Care Tax Credit. For more detailed information, go to [www.irs.gov](http://www.irs.gov), click on businesses, then click on title New Benefits for Small Employers Who Provide Employee Health Insurance.

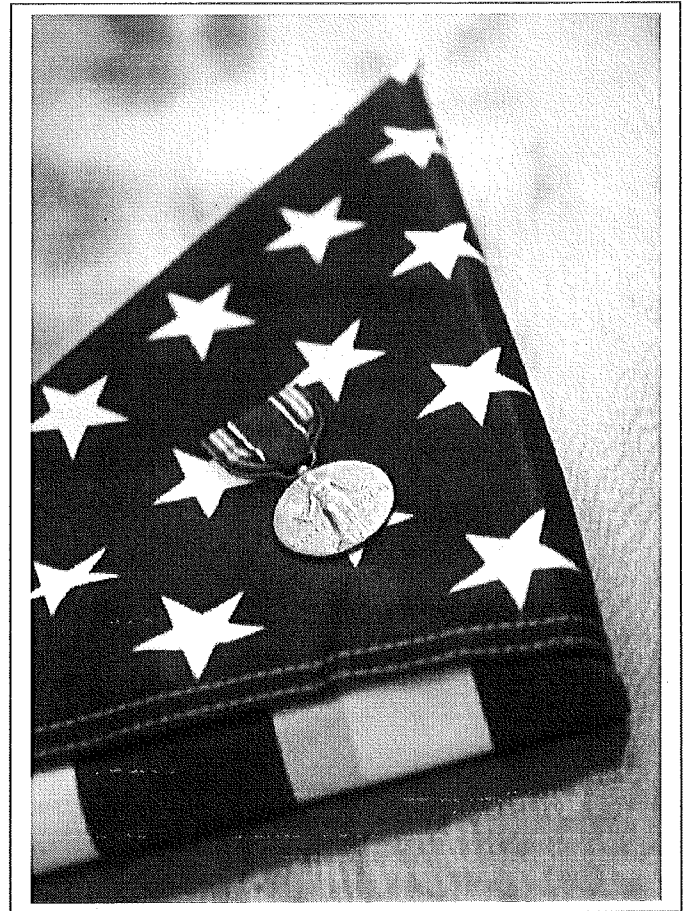
*“The trick is in what one emphasizes. We either make ourselves miserable, or we make ourselves happy. The amount of the work is the same.” –Carlos Castaneda*

## Crunchy Almond–Bacon Salad

*Here’s a recipe for summer cookouts and family gatherings. Enjoy!*

- ½ cup oil
- 1/3 cup sugar
- 2 tablespoons vinegar
- 1 teaspoon garlic salt
- ¼ teaspoon pepper
- 1 large head of lettuce, chopped
- 6 slices bacon, cooked and crumbled
- 1/3 cup sliced almonds, toasted
- 1/3 cup sesame seeds, toasted
- 4 green onions, sliced
- 1 cup chow mein noodles, optional

Combine oil, sugar, vinegar, salt and pepper; mix well and chill in a covered container for at least one hour. Mix together lettuce, bacon, almonds, sesame seeds and onions; toss with oil dressing right before serving. Top with chow mein noodles if desired. Makes 12 servings.



## A New Upcoming W–2 Reporting Rule

A new W–2 reporting rule, which starts with tax year 2011, will require employers to state on each worker’s W–2 the value of health care benefits that worker receives from the employer. Workers will not owe tax on these amounts nor will the value be added to the worker’s taxable wages in box 1. It is only intended to give workers knowledge of the cost benefit they receive from the health care benefits that are paid for them by their employer.

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