

Wright Ford Young & Co.

Certified Public Accountants and Consultants, Inc.

November 29, 2011

Dear client:

We're writing to give you an overview of the key tax changes affecting business in the recently enacted Hiring Incentives to Restore Employment (HIRE) Act of 2010.

Payroll tax holiday - To help stimulate the hiring of workers by the private sector, the new law exempts any private-sector employer that hires a worker who had been unemployed for at least 60 days from having to pay the employer's 6.2% share of the Social Security payroll tax on that employee for the remainder of 2010. A company could save a maximum of \$6,621 if it hired an unemployed worker and paid that worker at least \$106,800—the maximum amount of wages subject to Social Security taxes—by the end of the year.

Credit for retained workers - As an additional incentive, for any qualifying worker hired under this initiative that the employer keeps on payroll for a continuous 52 weeks, the employer is eligible for an additional non-refundable tax credit of up to \$1,000 after the 52-week threshold is reached, to be taken on their 2011 tax return. In order to be eligible, the employee's pay in the second 26-week period must be at least 80% of the pay in the first 26-week period.

Workers hired after the date of introduction of the legislation (Feb. 3, 2010) are eligible for the payroll tax forgiveness and the retention bonus, but only wages paid after the date of the new law's enactment receive the exemption for payroll taxes.

Please contact us if you have questions or need assistance with filings of the payroll tax exemptions and tax credit for retained workers. If you would like more details about these provisions or any other aspect of the new law, please do not hesitate to call.

Thank you for your business.

Very truly yours,

Wright Ford Young & Co.

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