Last Updated: 6/17/10 **Revision History**

HIRE Act Guide for QuickBooks

The Hiring Incentives to Restore Employment (HIRE) Act offers employers tax incentives for hiring unemployed workers.

Under this act, an employer is exempt from paying the employer portion of 2010 Social Security taxes on wages paid to qualified employees between March 19 and December 31, 2010. (For more information about the HIRE Act exemption, check this IRS web site.)

Who qualifies for the HIRE Act exemption?

An **employee** is qualified under the HIRE Act exemption if he or she:

- Started working for you after February 3, 2010, and before January 1, 2011.
- Is not employed by you to replace another employee, unless the other employee left voluntarily or for cause.
- Is not a family member or relative.
- Has signed IRS Form W-11 (or similar statement) certifying, under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period before starting to work for you.

If you are uncertain whether your employee qualifies for the HIRE Act exemption, check this IRS web site.

Any **employer** other than the United States, a state, or a local government or a household employer qualifies for the HIRE Act exemption. Qualified employers include tax-exempt organizations and public institutions of higher education.

If you are uncertain whether your business qualifies for the HIRE Act exemption, check this IRS web site.

Beginning May 13, 2010 (payroll update 21011), QuickBooks (2007 and later) supports the payroll tax exemption provision of the HIRE Act.

What do I need to do in QuickBooks?

1. Be sure you've downloaded the latest Payroll Update (21011 or later for designating qualified employees, 21012 or later for the new Form 941).
2. Confirm your qualified employees by getting a signed Form W-11 (or similar affidavit) from each of them.
3. Designate qualified employees in QuickBooks.
4. Make any necessary liability adjustments.
5. File your employment tax returns.
    - Form 941 filers
    - Form 943 or 944 filers

   Assisted Payroll users can skip this step since the Assisted Payroll service files your employment tax returns for you.

Frequently Asked Questions

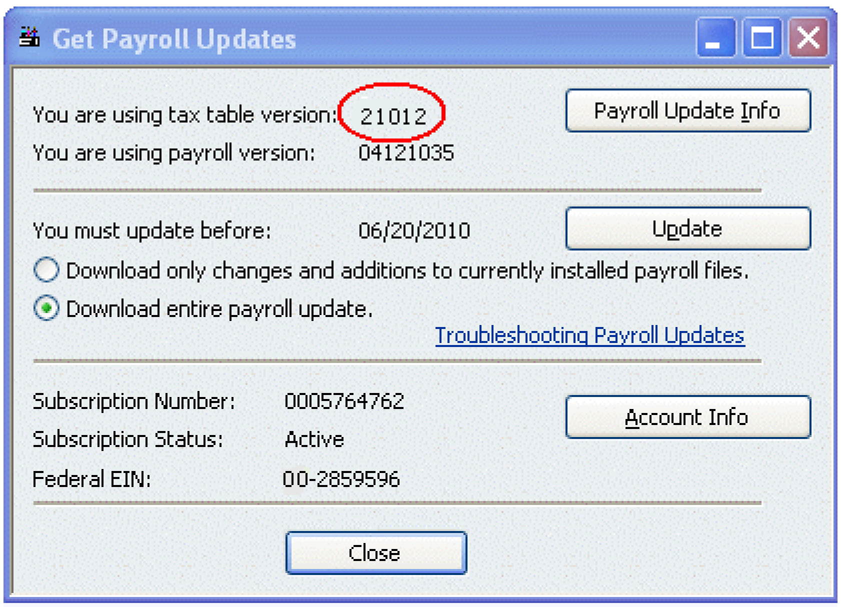
Download the latest Payroll Update

In order to designate qualified employees for the payroll tax exemption provision of the HIRE Act in QuickBooks (2007 or later), you need to have downloaded the latest payroll tax table updates (21011 or later).

Standard and **Enhanced Payroll** users (QuickBooks 2008 or later): In order to take advantage of QuickBooks support for the new Form 941, you need to have downloaded the latest payroll tax table updates (21012 or later).

To do this task:

1. From the **Employees** menu in QuickBooks, choose **Get Payroll Updates**.



2. Check the tax table version you are using. If it is lower than 21012, select **Download entire payroll update** and click **Update**.

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Get signed Forms W-11

Before you can designate an employee as qualified for the HIRE Act exemption, you must receive **an affidavit** from the employee certifying, under penalties of perjury, that he or she has not been employed for more than 40 hours during the 60-day period before starting to work for you.

You can use IRS Form W-11 for this purpose (click the link to download the form from the IRS web site), or you can use another similar statement as long as it contains the same information as Form W-11 and the employee signs it under penalties of perjury.

You **do not send** the Forms W-11 to the IRS or to Intuit Payroll Services, but you **must** keep these forms in your files along with your other payroll and income tax records.

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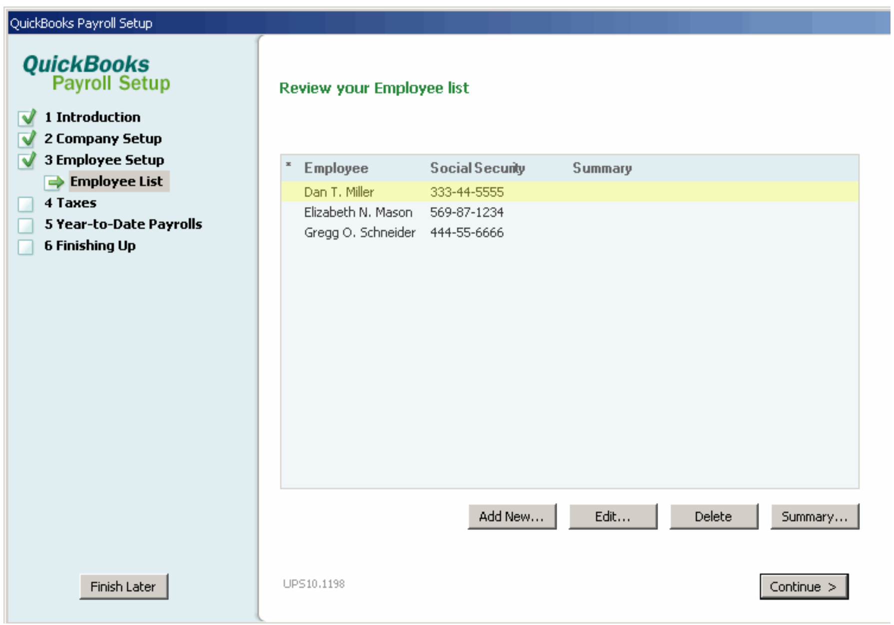
Designate qualified employees in QuickBooks

As soon as you have installed the 21011 tax table update and have a signed Form W-11 (or similar statement), you can designate employees as qualified for the HIRE Act exemption in QuickBooks.

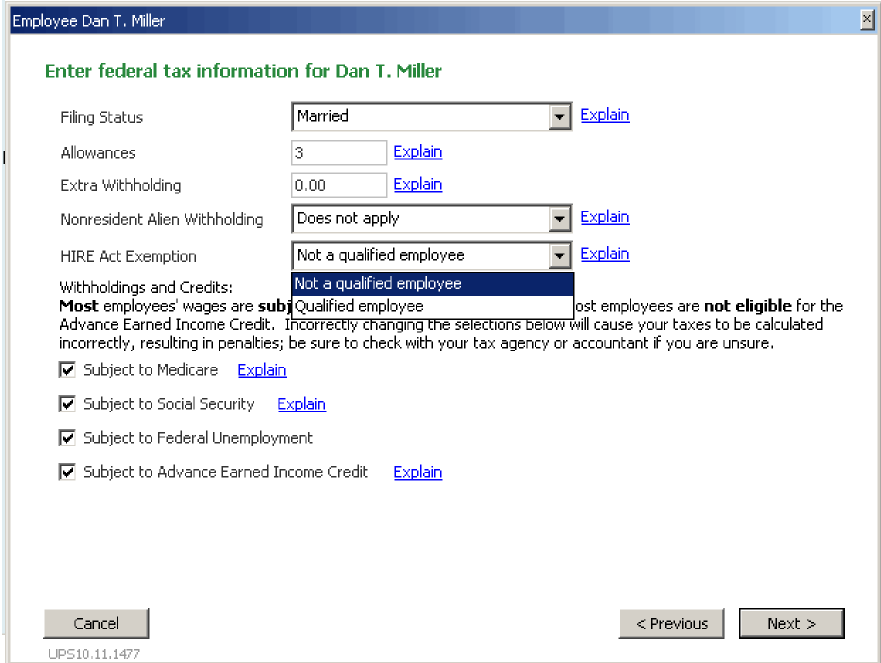
Once you designate an employee as qualified, QuickBooks stops creating a liability for the employer portion of the Social Security tax (the Social Security Company payroll item) on subsequent paychecks through December 31, 2010. (See Make Liability Adjustments for information on how to handle the Social Security taxes for paychecks to qualified employees dated March 19 through the date you designate the employee as qualified in QuickBooks.)

To do this task:

1. From the **Employees** menu, choose **Payroll Setup**.
2. On the left panel of the Payroll Setup window, select **Employee Setup** and then **Employee List**.



3. If you are setting up a new employee in QuickBooks, click **Add New**. If you have already set up the employee in QuickBooks, select the employee from the list and click **Edit**.
4. Add or edit information in each window in the Payroll Setup interview as necessary, clicking Next when you are ready to move to the next window.
5. On the window for entering federal tax information, click the drop-down arrow next to the HIRE Act Exemption box, and select **Qualified employee**.



Note: You cannot take both the HIRE Act payroll tax exemption and the Work Opportunity Tax Credit (WOTC) for a qualified employee. Therefore, if you prefer to take the WOTC for a qualified employee, select **Not a qualified employee** instead.

6. Click **Next** to move through the remaining windows until you can click **Finish** to complete the Employee Setup step.
7. Repeat these steps for each qualified employee.
8. Click **Finish Later** in the left panel of the Payroll Setup window when you are finished designating qualified employees.

When you choose **Qualified employee** to claim the payroll tax exemption for an employee, QuickBooks (2008 and later) verifies that the Hire Date you have entered for the employee is between February 4 and December 31, 2010. (Note that date validation does not occur in QuickBooks 2007.)

Paychecks you create **after designating** the employee as a Qualified employee and dated **April 1 through December 31**, 2010, do not create a liability for the employer portion of the Social Security tax (the Social Security Company payroll item).

The maximum tax break to you for each employee is $6,621.60, or 6.2% of the total wages you pay the employee in 2010, up to the $106,800 Social Security wage cap. This payroll tax exemption has no effect on the employee's future Social Security benefits, and you still need to withhold the employee’s 6.2% share of Social Security taxes, as well as income taxes. The employer and employee shares of Medicare taxes also still apply to these wages.

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Make Liability Adjustments

Since QuickBooks only stops creating a liability for the employer portion of the Social Security tax (the Social Security Company payroll item) on paychecks **after** you designate an employee as qualified, you need to take the appropriate additional actions described in this section to recognize the tax exemption for paychecks you created between March 19 (the day after the enactment of the HIRE Act) and the date you designate the employee in QuickBooks.

For Basic, Standard, and Enhanced Payroll users:

- If you paid qualified employees between **March 19 and March 31**, 2010, the IRS specifies that you claim the payroll tax exemption for wages paid during this period when you file your 2nd quarter Form 941 (or Form 943 or Form 944, for annual filers). You don't need to make any liability adjustments in QuickBooks for this period.
- If you paid qualified employees between **April 1 and the date you designated the employee as qualified** in QuickBooks, you must make liability adjustments for each paycheck for each qualified employee following the steps in this section.

For Assisted Payroll users:

- If you paid qualified employees between **March 19 and the date you designated the employee as qualified** in QuickBooks, you must make liability adjustments for each paycheck for each qualified employee following the steps in this section.

  When you have run your Payroll Item Detail report and are ready to make your liability adjustments, you must call an Assisted Payroll agent (as described in this section), and you should plan to remain on the phone with the agent until you have completed the adjustments.

To do this task:

Run a report showing your payroll liabilities

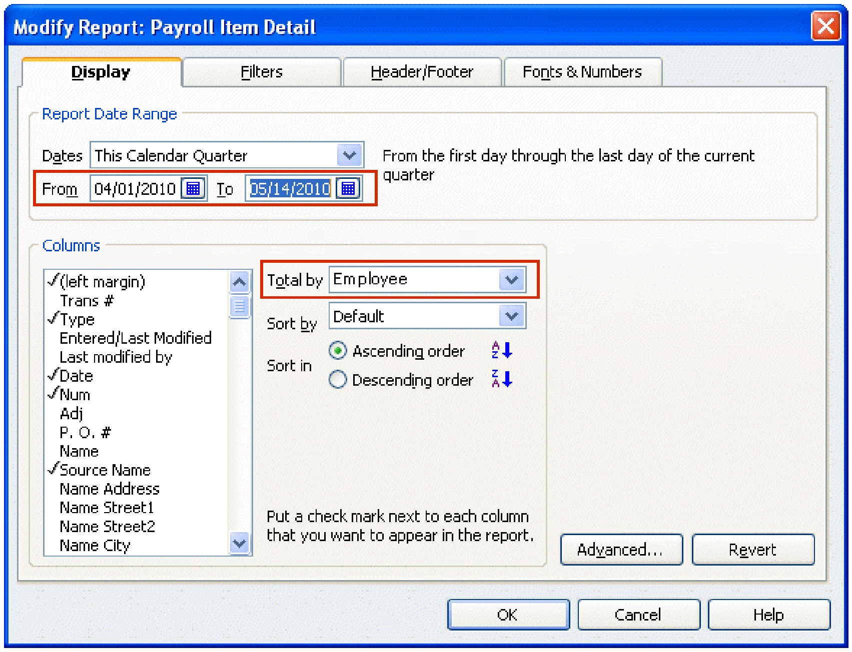
Note: These steps walk you through creating a modified Payroll Item Detail report, which we recommend. Assisted Payroll users must create this report. Basic, Standard, or Enhanced Payroll users can create any report that provides them with the information they will need to adjust payroll tax liabilities.

1. Be sure your payroll is current, and if you are an Assisted Payroll user, be sure you have sent all outstanding payrolls to the Assisted Payroll service for processing.
2. From the **Reports** menu, choose **Employees & Payroll > Payroll Item Detail**.
3. Click the **Modify Report** button.

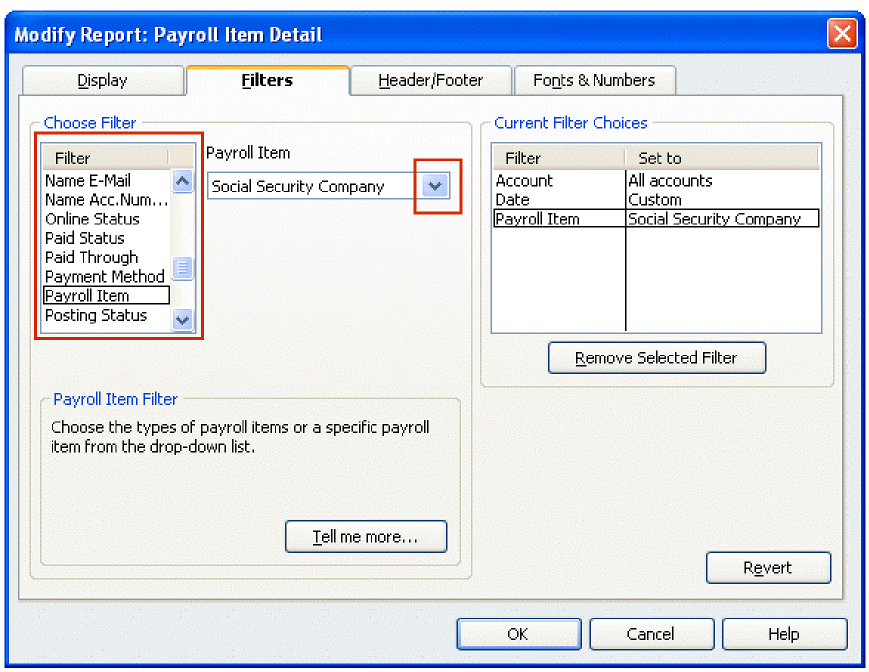
4. On the **Display** tab:
   - Set the date range.

     For Basic, Standard, and Enhanced Payroll users: April 1, 2010, to the current date

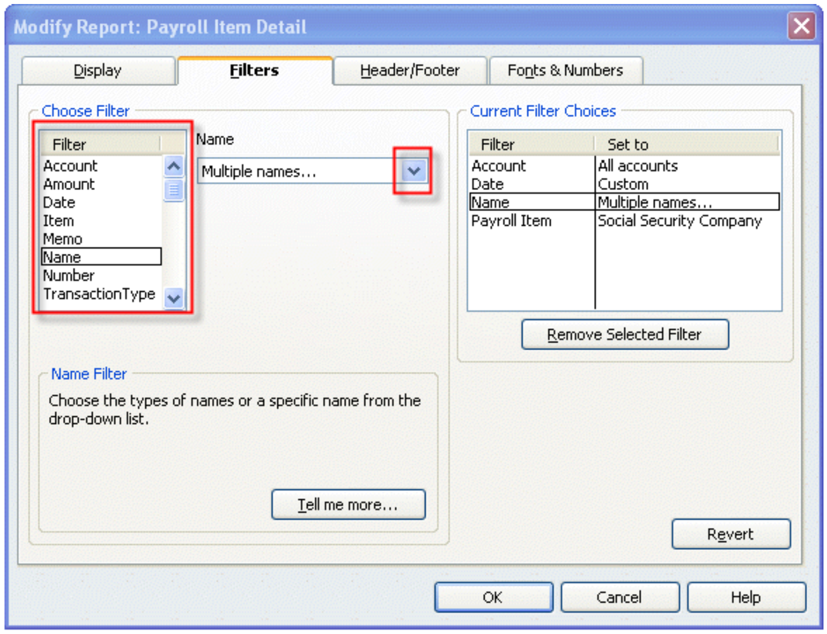
     For Assisted Payroll users: March 19, 2010, to the current date
   - Click the **Total by** drop-down arrow, and choose **Employee**.



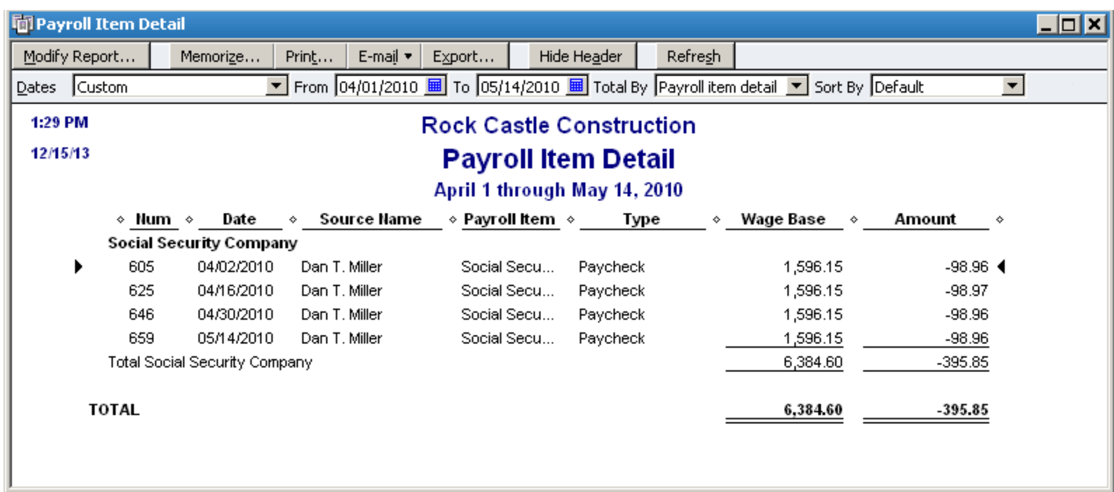
5. On the **Filters** tab:
   - From the **Filter** list, select **Payroll Item**.
   - Click the **Payroll Item** drop-down arrow, and select **Social Security Company**.



- From the **Filter** list, select **Name**.
- Click the **Name** drop-down arrow, and select **Multiple names**.



6. From the Select Name window, select the names of the qualified employees (making sure a check mark appears in front of each name), and click **OK**.
7. Click **OK** to close the Modify Report window and display the modified Payroll Item Detail report.



8. Click the **Print** button to print the report.

Assisted users only: Call an Assisted Payroll agent

9. If you have the **Assisted Payroll service**:
    - Save a backup of your company file to your desktop.
    - If you are using QuickBooks in multi-user mode, switch to single-user access.
    - When you are in single-user mode, call 888.712.9702. Be sure you are ready to make your liability adjustments and have time to stay on the phone with the Assisted Payroll agent while you complete steps 10 through 20.

If you have **Basic, Standard, or Enhanced Payroll**, we recommend that you save a backup of your company file to your desktop before you continue at step 10.

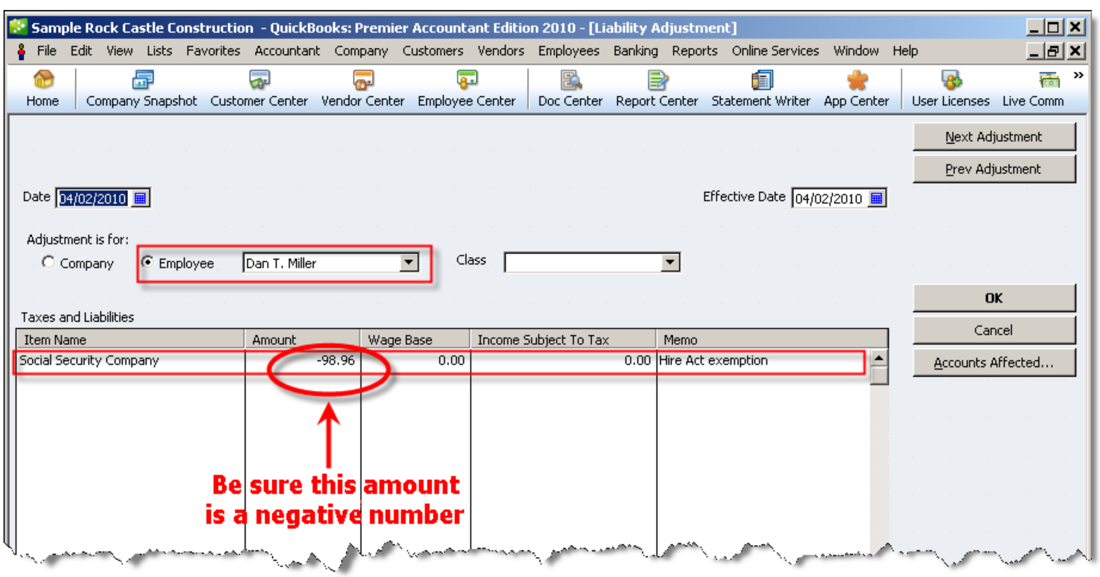
Make appropriate liability adjustments

You need to make a liability adjustment for each paycheck you created for each qualified employee for the Social Security Company tax amount.

10. From the **Employees** menu, choose **Payroll Taxes and Liabilities > Adjust Payroll Liabilities**.
11. In the **Date** field, enter the date of the paycheck you are adjusting.

    Tip: Start with the earliest date and make the liability adjustments for all qualified employees for that date before proceeding to the next date.

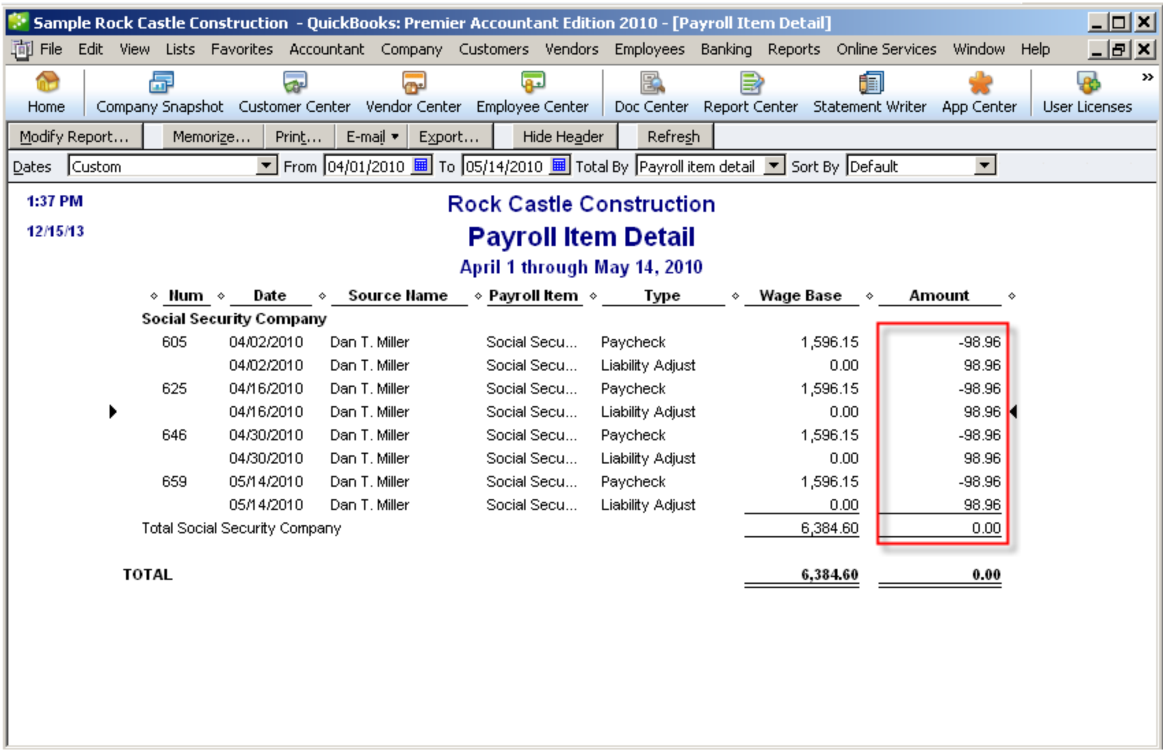
    Note: For **Basic, Standard, and Enhanced Payroll** only—Since adjustments to prior liabilities can reduce a current liability payment, we recommend that if you have **not** made your April deposit of taxes to the IRS you should make the liability adjustments for April first, pay your April liabilities, and then make the remaining liability adjustments for May.
12. Be sure the **Effective Date** field is the same date as the **Date** field.
13. Select **Employee**, click the drop-down arrow, and select the qualified employee.



14. In the **Item Name** column, click the drop-down arrow, and select **Social Security Company**.
15. In the **Amount** column, enter the amount of the Social Security Company tax paid (from the modified Payroll Detail Item report) as **a negative number**.
16. In the **Memo** column, enter HIRE Act exemption (or a similar note) to explain the adjustment.
17. Click the **Accounts Affected** button and verify that **Affect liability and expense accounts** is selected. Click **OK**.
18. Click the **Next Adjustment** button to make the next liability adjustment, or click **OK** if you have made all the necessary liability adjustments.

Rerun the report showing your payroll liabilities

19. Repeat steps 2 through 8 to create a new modified Payroll Item Detail report.
20. Check to be sure that each Social Security Company item has an offsetting liability adjustment in a matching amount.



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File employment tax returns—Form 941

The IRS has changed Form 941 beginning with the 2nd quarter 2010 filing. The revised form allows you to report the number of qualified employees and any exempt wages that you paid on behalf of qualified employees beginning March 19, 2010. If you have overpaid the employer portion of Social Security taxes for the filing period, you can use the revised form to request a refund.

Note: You are only allowed a credit in the 2nd quarter of 2010 for the employer portion of Social Security tax on wages/tips paid to qualified employees in the 1st quarter between March 19 and March 31, 2010.

For **explanations** of the new lines on Form 941 pertaining to the HIRE Act, see Appendix A.

The remainder of this section explains:

- How to create a list of your qualified employees
- How to determine the values for lines 12c and 12d (2nd quarter filing only)
- How to determine (or check) the values for lines 6a, 6b, and 6c
- How to complete the Form 941

Assisted Payroll users: You can ignore this section. The Assisted Payroll service prepares and files employment tax returns for you.

Basic Payroll users: Prepare your Form 941 by hand, using the payroll reports described in this section to determine your tax liability and HIRE Act exempt wages.

Standard and **Enhanced Payroll** users (QuickBooks 2008 or later): Create the payroll reports described in this section. These reports provide some of the numbers you need to complete the new Form 941 in QuickBooks (provided when you download the 21012 or later payroll tax table update). QuickBooks 2010 users should also update to the latest release (R7); in this release, QuickBooks automatically supplies the information for new lines 6a, 6b, and 6c on Form 941.

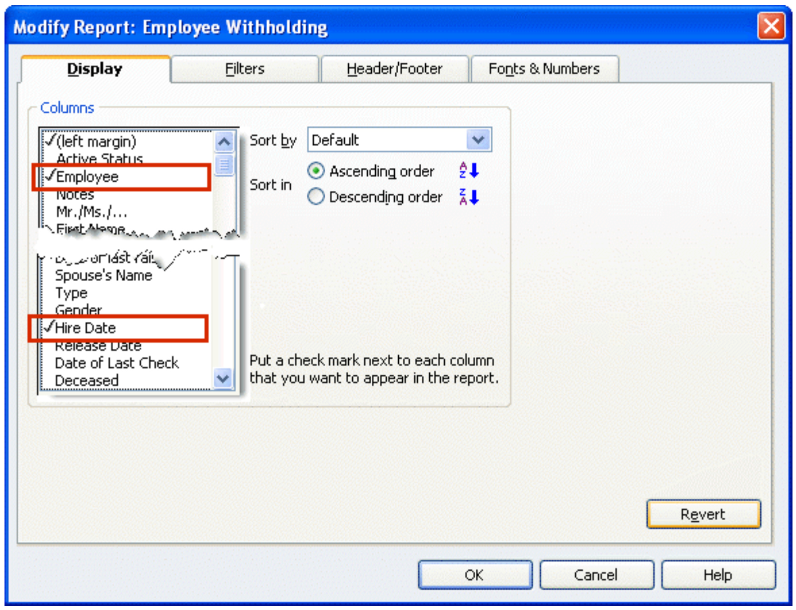
QuickBooks 2007 users: Because QuickBooks 2007 was discontinued on May 31, 2010, QuickBooks 2007 does not support the new Form 941. (Your payroll services are valid only when you are using a supported version of QuickBooks.) For more information, visit us at www.usepayroll.com/prservicediscon.

Identify all of your qualified employees

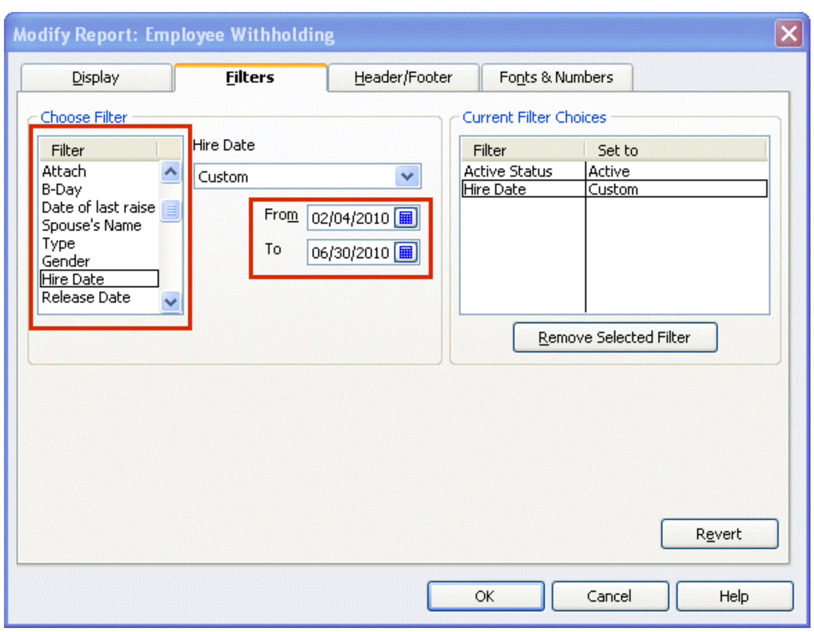
We recommend that you keep a list of all of the employees that you've designated as qualified in QuickBooks. Having such a list simplifies preparation of the reports you need in order to complete Form 941 each quarter.

To do this task:

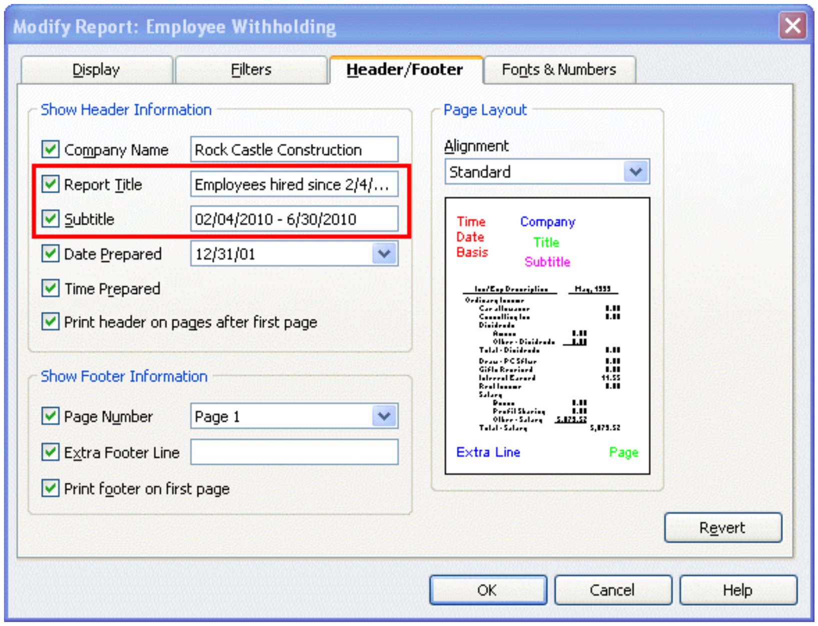
1. From the **Reports** menu, choose **Employees & Payroll** > **Employee Withholding**.
2. Click **Modify Report**.
3. On the Display tab, be sure that you've put a check mark next to **Employee** and **Hire Date** in the Columns list.



4. On the Filters tab, select **Hire Date** in the Choose Filter column. For the Hire Date, click the drop-down and choose **Custom**. Enter **02/04/2010** in the **From** field; enter the **filing quarter end date** (for example, 06/30/2010, for your 2nd quarter 2010 filing) in the **To** field.



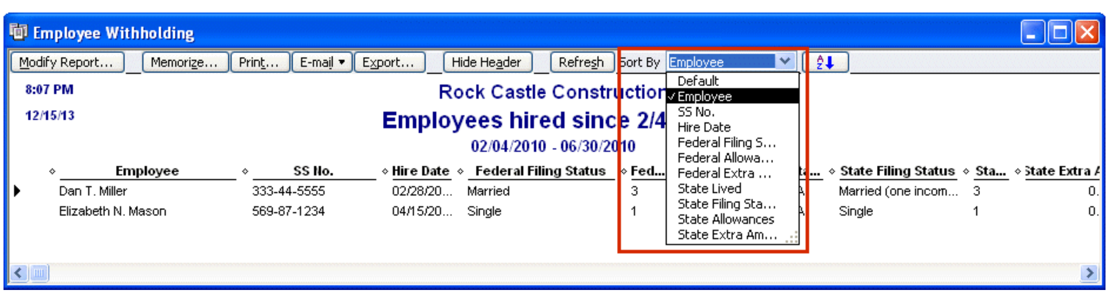
5. On the Header/Footer tab, check the **Report Title** box and name your report (for example, "Employees hired since 2/4/2010"). Check the **Subtitle** box and subtitle the report with the dates you used on the Filters tab (for example, 02/04/2010–06/30/2010).



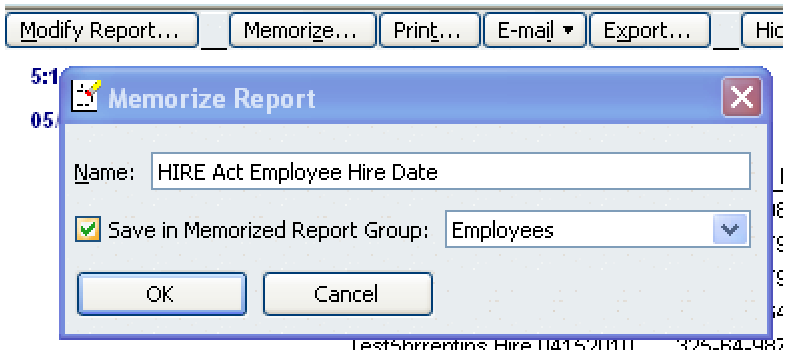
6. Click **OK**.

   The resulting report shows **all employees** with hire dates between 02/04/2010 and the end of the current filing quarter.

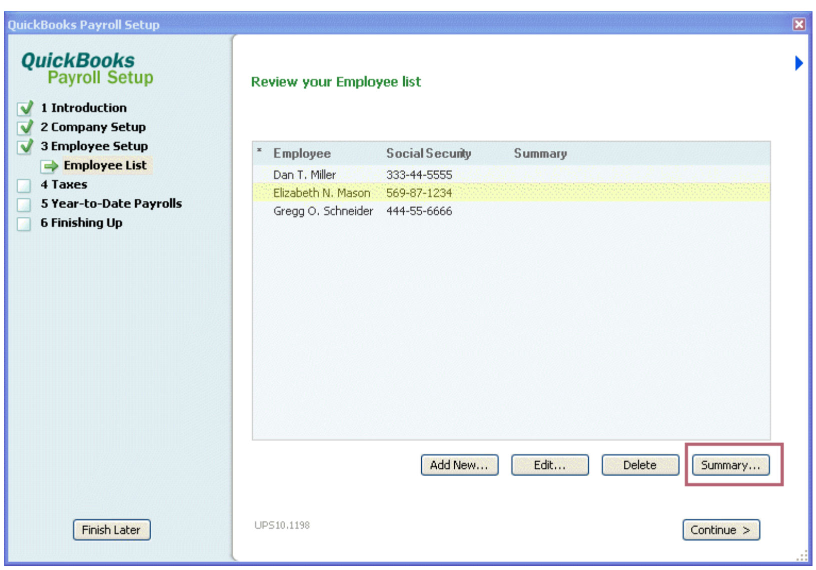
7. You can sort this report by employee. Click the drop-down arrow next to **Sort by** on the Report menu bar, and choose **Employee**. (Click **Refresh** if your report doesn't automatically change.)



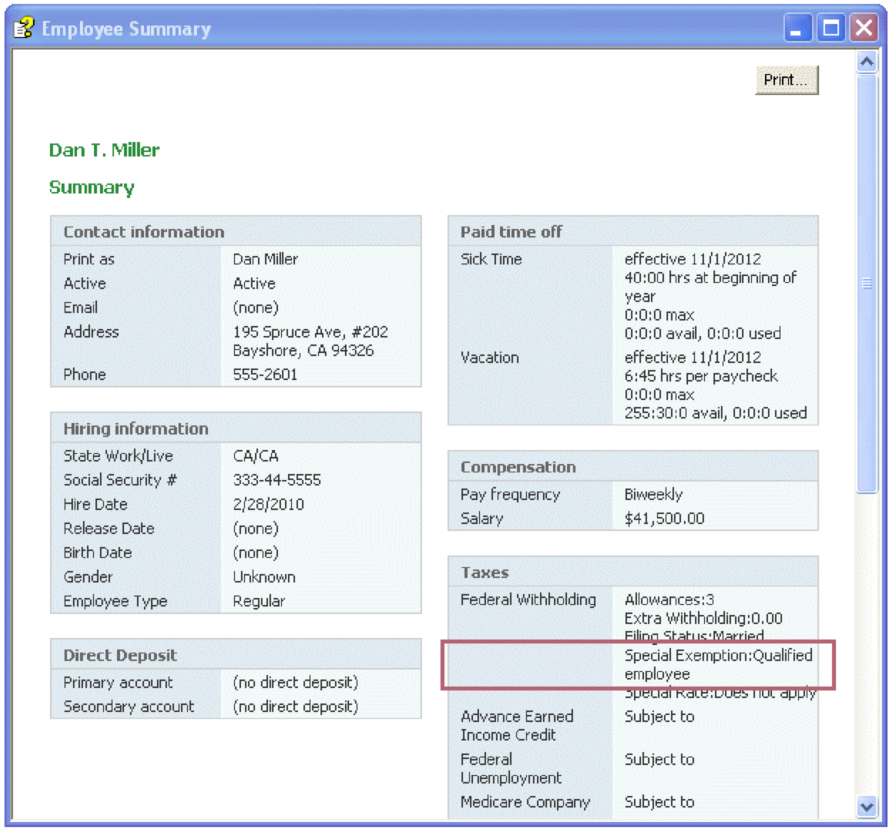
8. Optionally, you can save this report definition so that you can easily prepare it in a future quarter, for example. Click the **Memorize** button on the Report menu bar, and provide an appropriate name. (You can also choose to save this report in a Memorized Report Group.)



9. Create a version of this list that you can mark or modify in step 10. You can do any of the following:
    - You can Print the report (click the **Print** button) and mark up the printed copy.
    - You can export the report to an Excel spreadsheet (click the **Export** button and select **a new Excel workbook**). Exporting to an Excel spreadsheet lets you easily remove the names of employees you have not designated as qualified, which you'll determine in step 10.
    - After completing step 10, you can generate the report again and filter on Names, choosing only the qualified employees.
10. Using the list you have just generated, verify which employees are designated as qualified employees in QuickBooks, as follows:
    a. From the **Employees** menu, choose **Payroll Setup > Employee Setup > Employee List**.
    b. Highlight an employee from your list, and click the **Summary** button.



    c. Scroll down to the **Taxes** section in the lower right, looking for **Special Exemption: Qualified Employee**. If this item appears, the employee has been designated as qualified and should remain on your list. If this item does not appear, the employee has not been designated as qualified and should be removed from your list. (If the employee has not been designated as qualified in QuickBooks but should be, see the instructions on page 4.)



d. We recommend that you print this summary page for each qualified employee for future reference. (Click the **Print** button on the Summary page.)

   Tip: Keep these summary pages together in a file and add new qualified employees as you designate them in QuickBooks.

e. When you have finished printing summary pages for all your qualified employees, click **Finish Later** to exit Payroll Setup.

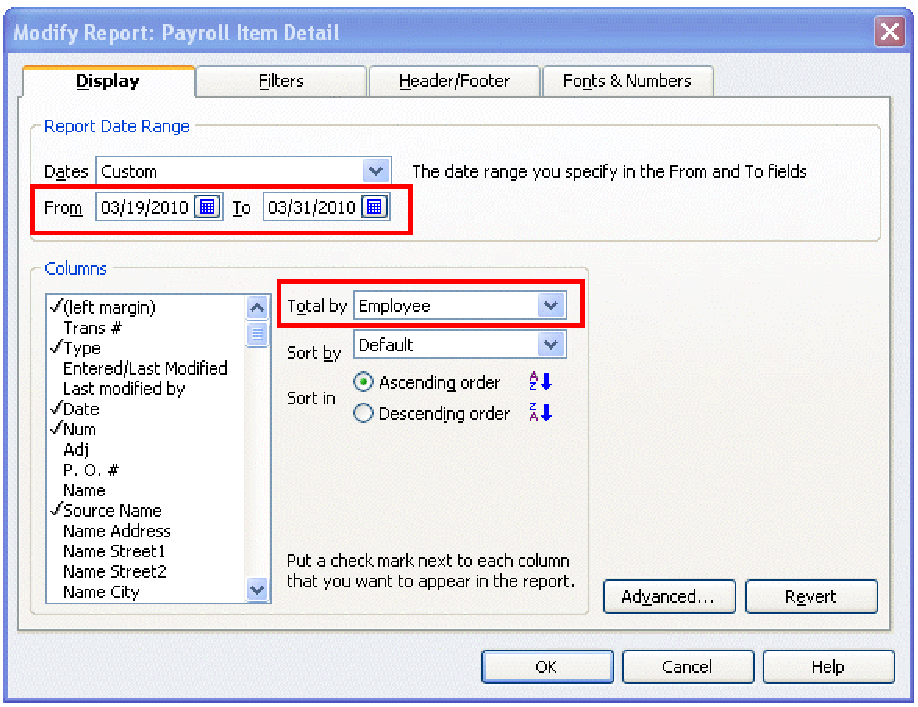
Determine the values for lines 12c and 12d (for 2nd quarter filing only)

For your 2nd quarter filing only, you need to know the number of qualified employees whom you paid between March 19 and March 31, 2010, and the total HIRE Act exempt wages/tips you paid those employees. QuickBooks does not supply these numbers to Form 941, so you need to follow these steps to determine the appropriate values.

Tip: Print the **worksheet** in Appendix B and use it to record the values you get when you follow the steps here and on page 19. Then when you are ready to complete Form 941, you will have these numbers handy.

To do this task:

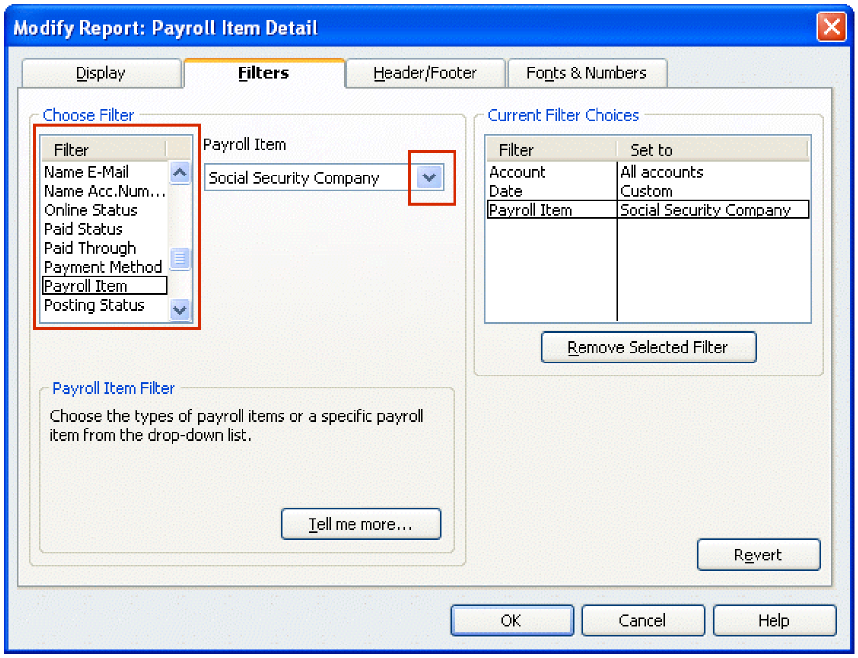
1. From the **Reports** menu, choose **Employees & Payroll > Payroll Item Detail**.
2. Click the **Modify Report** button.
3. On the **Display** tab:
   a. Set the date range from 03/19/2010 to 03/31/2010.
   b. Click the **Total by** drop-down arrow, and choose **Employee**.



4. On the **Filters** tab:

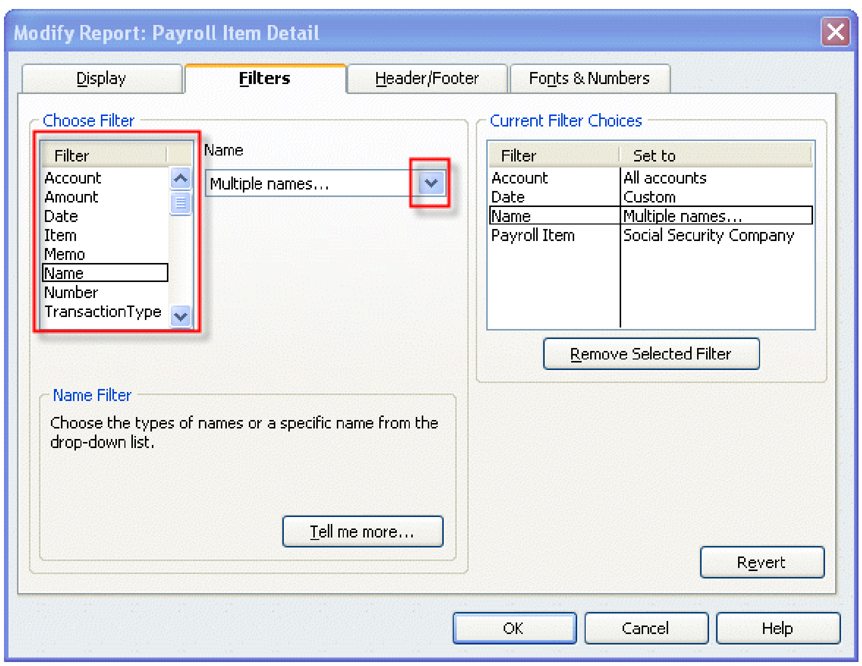
   a. From the **Filter** list, select **Payroll Item**.

   b. Click the **Payroll Item** drop-down arrow, and select **Social Security Company**.



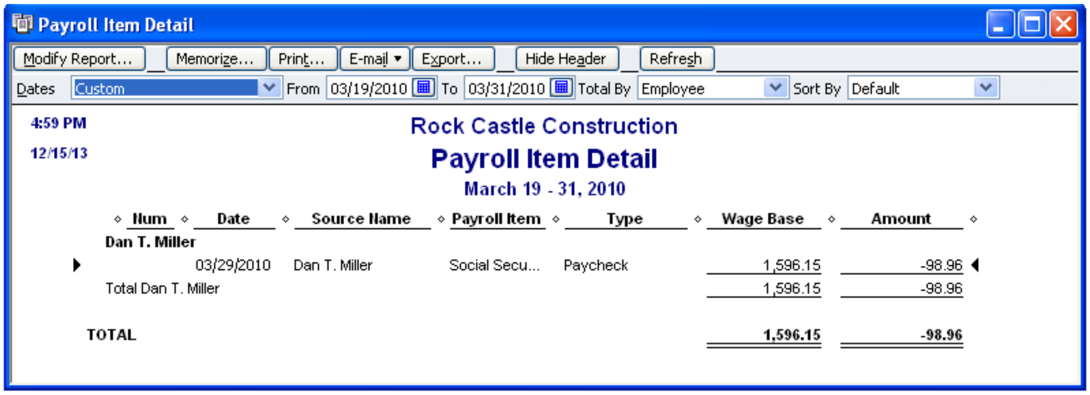
   c. From the **Filter** list, select **Name**.

   d. Click the **Name** drop-down arrow, and select **Multiple names**.



5. From the Select Name window, select the names of the **qualified employees** (from the list you made of all your qualified employees), making sure a check mark appears in front of each name, and click **OK**.

6. Click **OK** to close the Modify Report window and display the modified Payroll Item Detail report.



7. Click the **Print** button to print the report. (You can also **Memorize** this report, and you can **Export** it to an Excel spreadsheet.)

8. Count the number of unique employees listed on this report. (You will need this number for line 12c when you prepare your Form 941; record it on the worksheet you printed from Appendix B.)

9. Find the total in the Wage Base column. (You will need this amount for line 12d when you prepare your Form 941; record it on the worksheet you printed from Appendix B.)

Determine the values for lines 6a, 6b, and 6c

You need to know the number of qualified employees whom you paid HIRE Act exempt wages in the current filing quarter (line 6b), the number of these employees whom you paid HIRE Act exempt wages for the first time in the current filing quarter (line 6a), and the total HIRE Act exempt wages/tips you paid to qualified employees during the filing quarter (line 6c).

Note: QuickBooks 2010 users should update to the latest release (R7); in this release, QuickBooks automatically supplies the information for new lines 6a, 6b, and 6c on Form 941 so that you do not have to complete the steps in this section. However, completing the steps in this section allows you to double-check the numbers on your reports against the numbers QuickBooks provides.

To do this task:

1. Repeat steps 1 through 7 above (starting on page 16), changing the date range to start from the **first date of the filing quarter** (for example, 04/01/2010) and go to the **last date of the filing quarter** (for example, 06/30/2010).

2. Count the number of unique employees listed on the current-filing-quarter report created in step 1. (You will need this number for **line 6b** when you prepare your Form 941; record it on the worksheet you printed from Appendix B.)

3. Find the total in the Wage Base column on the current-filing-quarter report created in step 1. (You will need this amount for **line 6c** when you prepare your Form 941; record it on the worksheet you printed from Appendix B.)

4. For your 2nd quarter filing, find the report you originally created in steps 1 through 7 (starting on page 16) with the date range 03/19/10 to 3/31/2010.

   Note: This report applies only to your 2nd quarter filing. For 3rd and 4th quarter filing, you will use different dates.

5. Compare the employees on the report from step 4 with the employees on the report created in step 1, counting the number of employees that appear on both reports.

6. Subtract this number from the number you counted for line 6b (in step 2). (You will use the result for **line 6a** when you prepare your Form 941; record it on the worksheet you printed from Appendix B.)

If you are a **Standard or Enhanced Payroll** user (QuickBooks 2008 or later), proceed to the next page for instructions on completing the Form 941 in QuickBooks.

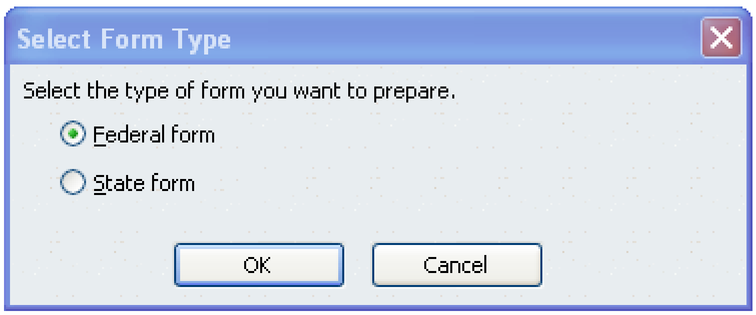
If you are a **Basic Payroll** user, you must complete Form 941 manually, but you now have all the numbers you need to do so.

Complete Form 941

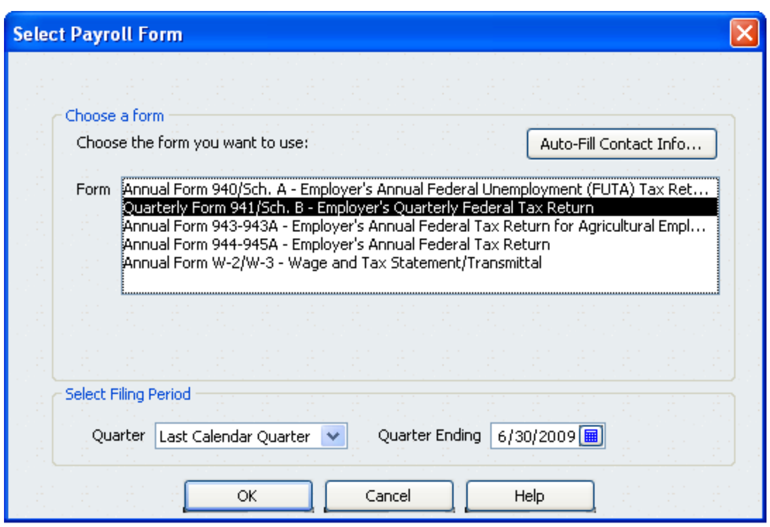
The steps in this section apply only to **Standard** and **Enhanced Payroll** users (QuickBooks 2008 or later).

To do this task:

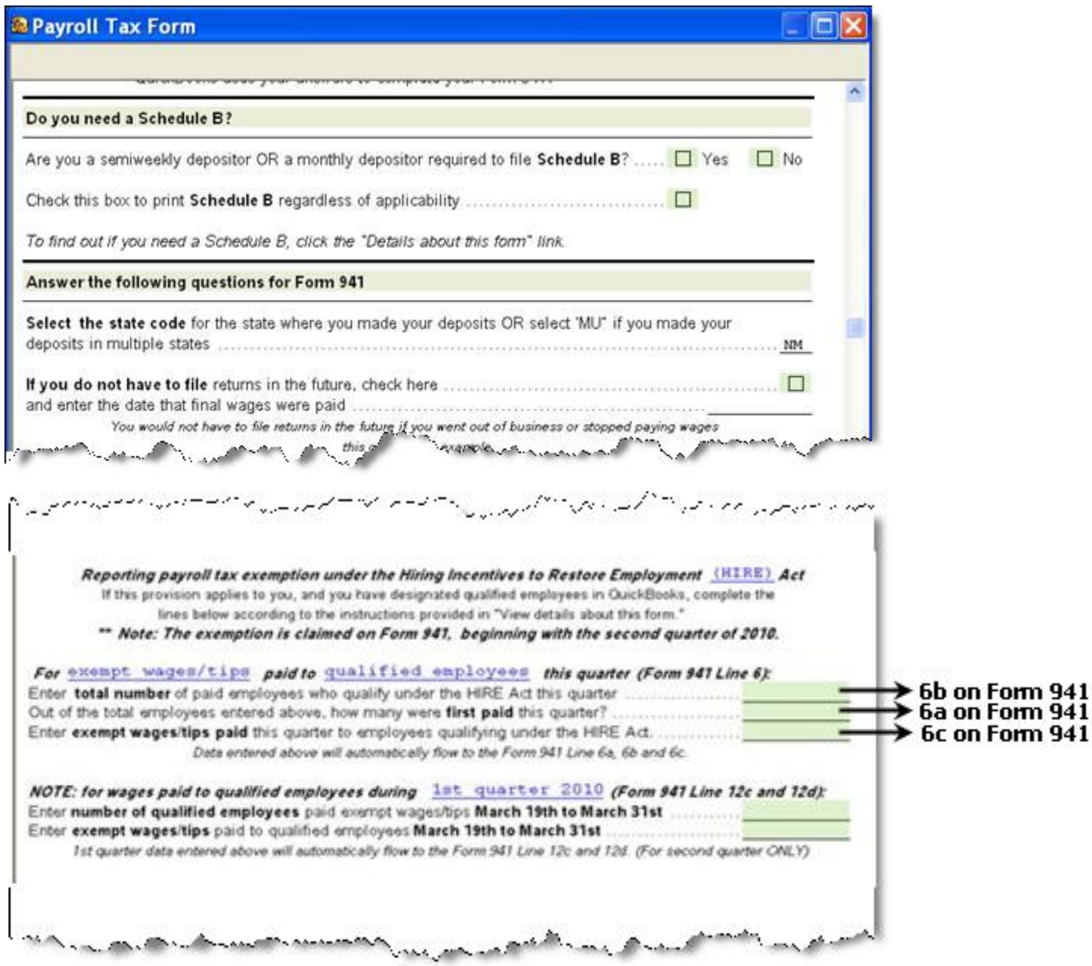
1. Be sure you have **downloaded the latest payroll tax table updates** (21012 or later).
2. If you have QuickBooks 2010, you should **update to the latest release** (R7); in this release, QuickBooks automatically supplies the information for new lines 6a, 6b, and 6c on Form 941.
3. Be sure you have the numbers you recorded on the worksheet (see Appendix B).
4. From the **Employees** menu, choose **Payroll Tax Forms & W-2s** and then click **Process Payroll Forms.**
5. In the Select Form Type window, choose **Federal form** and click **OK**.



6. In the Select Payroll Form window, choose **Quarterly Form 941/Sch. B**.



7. Complete the Interview for Form 941.



QuickBooks 2010 (R7 and later) populates the fields associated with lines 6a, 6b, and 6c in the interview based on data in your company file. Although you can override values in the fields if you believe they are incorrect, doing so does not change your QuickBooks data. You should check with your tax advisor or accountant before making any changes.

8. Click **Check for Errors** to see errors or inconsistencies that QuickBooks found and to view and check the Form 941.
9. If you have an overpayment, we suggest that you select **Send a refund** to request a refund of this amount from the IRS. Check with your tax advisor or accountant if you have any questions.
10. Print, save, and submit the completed Form 941 as you normally do.

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File employment tax returns—Form 943 or Form 944

The IRS is changing the annual Form 943 and Form 944. The revised forms will allow you to report any exempt wages that you paid on behalf of qualified employees beginning March 19, 2010. If you have overpaid the employer portion of Social Security taxes for the filing period, you can use the revised forms to request a refund. These forms will also require you to provide information about the number of qualified employees for whom you are taking the payroll tax exemption.

Assisted Payroll users: You can ignore this section. The Assisted Payroll service prepares and files employment tax returns for you.

Basic Payroll users: Prepare your employment tax returns by hand, using the payroll reports to determine your tax liability and HIRE Act exempt wages.

Standard and **Enhanced Payroll** users (QuickBooks 2008 or later): Check back here in mid-December for updates to the annual Form 943 and Form 944.

QuickBooks 2007 users: Because this version of QuickBooks was discontinued on May 31, 2010, QuickBooks 2007 will not support the new Form 943 and Form 944. (Your payroll services are valid only when you are using a supported version of QuickBooks.) For more information, visit us at www.usepayroll.com/prservicediscon.

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Frequently Asked Questions

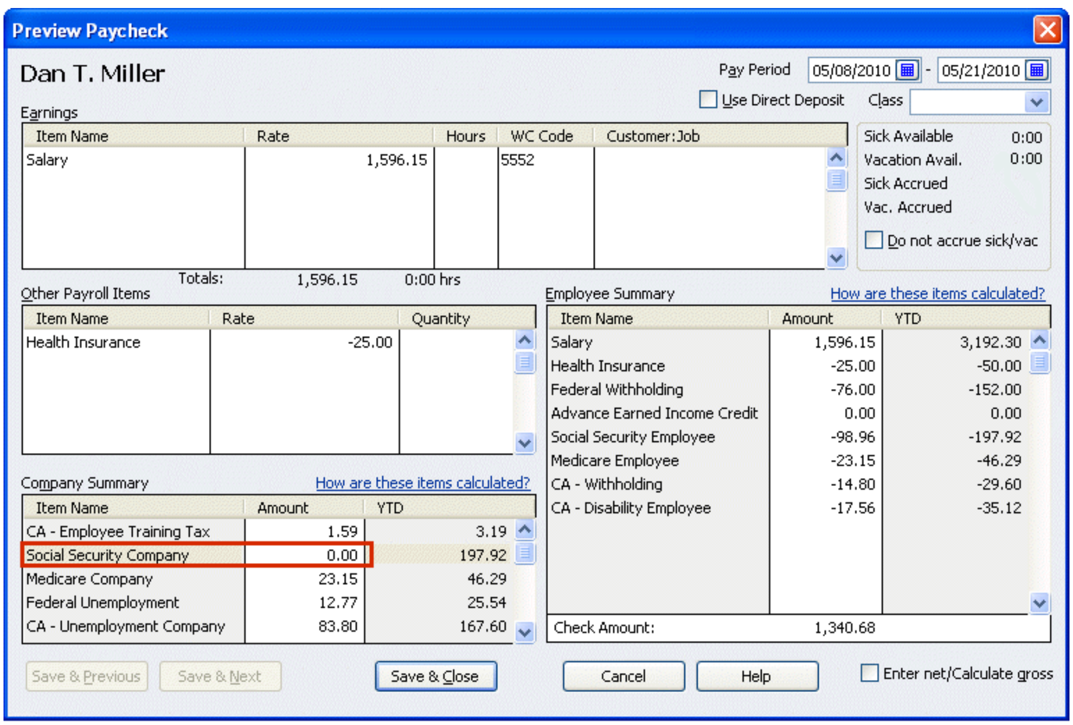
Q: What if I'm still using QuickBooks 2007?

A: Because this version of QuickBooks is being discontinued on May 31, 2010, QuickBooks 2007 will not support the new employment tax forms (Form 941, Form 943, Form 944). In addition, payroll history and data review are not supported for HIRE Act employees. (Your payroll services are valid only when you are using a supported version of QuickBooks.) For more information, visit us at www.usepayroll.com/prservicediscon.

Q: What happens when I designate an employee as qualified for the HIRE Act exemption?

A: When you designate an employee as qualified for the HIRE Act payroll tax exemption, QuickBooks (2008 and later) verifies that the Hire Date you have entered for the employee is between February 4 and December 31, 2010. (Note that date validation does not occur in QuickBooks 2007.)

On paychecks you create **after designating** the employee as a Qualified employee and dated **April 1 through December 31**, 2010, the Social Security Company payroll item appears as $0.00.



The maximum tax break to you for each employee is $6,621.60, or 6.2% of the total wages you pay the employee in 2010, up to the $106,800 Social Security wage cap. This payroll tax exemption has no effect on the employee's future Social Security benefits, and you still need to withhold the employee's 6.2% share of Social Security taxes, as well as income taxes. The employer and employee shares of Medicare taxes also still apply to these wages.

Q: Will the 2010 Form W-2 or W-3 be changing because of the HIRE Act payroll tax exemption?

A: Yes. The IRS is adding a new code (Code CC) for box 12 so that employers can report the amount of exempt wages and tips covered by the payroll tax exemption. The total of wages with code CC will be reported in a new box 12b on Form W-3.

Standard and **Enhanced Payroll** users (QuickBooks 2008 or later): Refer back to this guide in mid-December for updated information on preparing Forms W-2 and W-3.

Assisted Payroll users: The Assisted Payroll service prepares and files Forms W-2 and W-3 for you.

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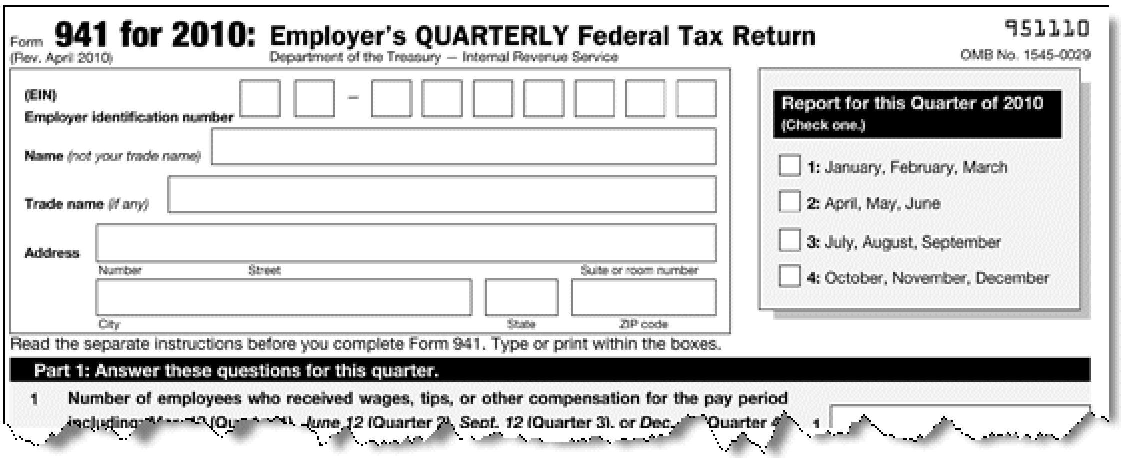
Appendix A—Explanation of the new lines on Form 941

Following are **explanations** for the new lines that have been added to Form 941. (Instructions for determining the appropriate values for these lines start on page 12.)



Form **941 for 2010: Employer's QUARTERLY Federal Tax Return** 951110
(Rev. April 2010) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

(EIN) Employer identification number

Name (not your trade name)

Trade name (if any)

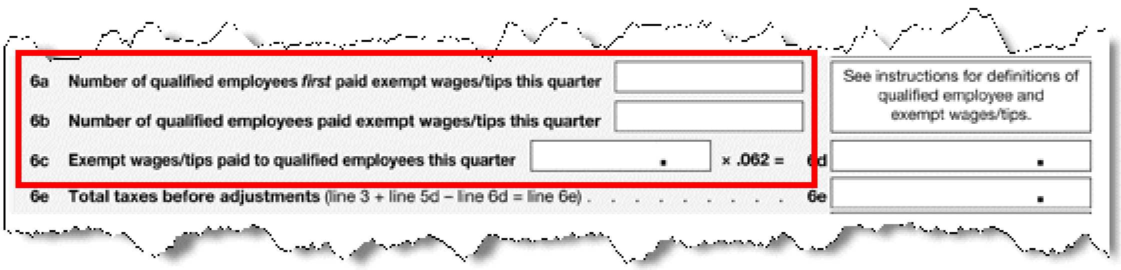
Address
Number Street Suite or room number
City State ZIP code

Report for this Quarter of 2010 (Check one.)
1: January, February, March
2: April, May, June
3: July, August, September
4: October, November, December

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: ... June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. ... (Quarter 4) 1



6a	Number of qualified employees *first* paid exempt wages/tips this quarter	
6b	Number of qualified employees paid exempt wages/tips this quarter	
6c	Exempt wages/tips paid to qualified employees this quarter . × .062 =	6d .
6e	Total taxes before adjustments (line 3 + line 5d – line 6d = line 6e)	6e .

See instructions for definitions of qualified employee and exempt wages/tips.

Line 6a—Number of qualified employees first paid exempt wages/tips this quarter

On this line, report the number of employees who meet both of these requirements:

- You have designated the employee in QuickBooks as a qualified employee for the HIRE Act.
- The employee's first paycheck with HIRE Act exempt wages was dated in the quarter for which you are filing.

Important: The number reported on line **6a** should be **less than or equal** to the number reported on line **6b**. Employees counted for line 6a must not be reported on line 12c.

Line 6b—Number of qualified employees paid exempt wages/tips this quarter

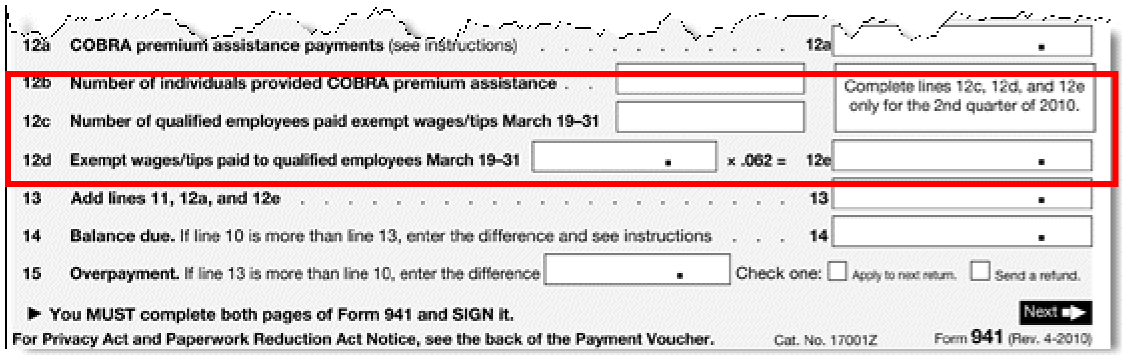
On this line, report the number of employees who meet both of these requirements:

- You have designated the employee in QuickBooks as a qualified employee for the HIRE Act.
- The employee had at least one paycheck with HIRE Act exempt wages dated in the quarter for which you are filing.

Important: The number reported on line **6a is included** in the number reported on line **6b**. On the 2nd quarter Form 941 only, employees counted for line 6b may also be reported on line 12c.

Line 6c—Exempt wages/tips paid to qualified employees this quarter

On this line, report the total amount of HIRE Act exempt wages/tips **paid** to all the employees counted on line 6b for the quarter you are filing.



12a COBRA premium assistance payments (see instructions) 12a

12b Number of individuals provided COBRA premium assistance . .

12c Number of qualified employees paid exempt wages/tips March 19–31

Complete lines 12c, 12d, and 12e only for the 2nd quarter of 2010.

12d Exempt wages/tips paid to qualified employees March 19–31 × .062 = 12e

13 Add lines 11, 12a, and 12e 13

14 **Balance due.** If line 10 is more than line 13, enter the difference and see instructions . . . 14

15 **Overpayment.** If line 13 is more than line 10, enter the difference Check one: ☐ Apply to next return. ☐ Send a refund.

▶ **You MUST complete both pages of Form 941 and SIGN it.** Next

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher. Cat. No. 17001Z Form **941** (Rev. 4-2010)

Line 12c—Number of qualified employees paid exempt wages/tips March 19–31

On this line, report the number of employees who meet both of these requirements:

- You have designated the employee in QuickBooks as a qualified employee for the HIRE Act.
- The employee had at least one paycheck with HIRE Act exempt wages dated between March 19, 2010, and March 31, 2010.

Important: This line can **only** be completed on your **2nd quarter 2010** filing. The number reported on line 12c may also be included on line 6b if these qualified employees meet the line 6b requirements.

Line 12d— Exempt wages/tips paid to qualified employees March 19–31

On this line, report the total amount of HIRE Act exempt wages/tips **paid** between March 19 and March 31, 2010, to all the employees counted on line 12c.

Important: This line can **only** be completed on your **2nd quarter** filing.

The remainder of this section describes the reports you can prepare in QuickBooks (2008 or later) to determine the values for these new lines. If you have QuickBooks 2008 or QuickBooks 2009, you must manually enter these values on the Form 941 interview screen provided in QuickBooks.

Tip: If you have QuickBooks 2010, we recommend that you **update to the latest** release (R7); in this release, QuickBooks 2010 supplies the appropriate values for lines 6a, 6b, and 6c. You may still want to prepare these reports to verify the numbers that QuickBooks supplies to the Form 941, and you will need to prepare the reports to generate the numbers you must manually enter for lines 12c and 12d.

Appendix B—Worksheet for collecting Form 941 information

We recommend that you **print** this worksheet and use it as you complete the steps described on pages 12 through 19 to record the results you'll need when you complete the Form 941 interview.

Company Name: ____

Filing Quarter: __________ **Date:** ___________________

Line 6a—Number of qualified employees first paid HIRE Act exempt wages/tips this quarter (From step 6 on page 19) ____________

Line 6b—Number of qualified employees paid HIRE Act exempt wages/tips this quarter (From step 2 on page 19) ____________

Line 6c—HIRE Act exempt wages/tips paid to qualified employees this quarter (From step 3 on page 19) ____________

Line 12c—Number of qualified employees paid HIRE Act exempt wages/tips March 19–31 (From step 8 on page 18) ____________

Line 12d— HIRE Act exempt wages/tips paid to qualified employees March 19–31 (From step 9 on page 18) ____________

Revision history

Date	Revision Details
5/13/2010	Original document
5/19/2010	Improved IRS web site links (p. 1); clarified that adjustment amounts should be entered as negative numbers (p. 9).
6/1/2010	Made a number of small wording changes to clarify various steps; added example to FAQ on what happens in QuickBooks after an employee is designated as a qualified employee (p. 12)
6/17/2010	Added information for completing Form 941 starting with your 2nd quarter 2010 filing. Includes reports you can create in QuickBooks to provide the new information the IRS requires.