



# Schenck Tax Central

Timely Updates from Schenck SC

## The Hiring Incentives to Restore Employment (HIRE) Act: Guidance re: Seasonal & Temporarily Laid-Off Employees 6/8/10

During a recent conference call, the IRS provided guidance as to when seasonal employees and temporarily laid-off employees will qualify for the social security exemption under the HIRE Act. Following is a summary of the information that was provided:

### **Seasonal Employees**

If an employee was terminated or the employee/employer relationship was severed at the end of the last season, and the individual returns for the current season between February 4, 2010 and December 31, 2010, they will qualify for the social security exemption. If the employee/employer relationship remained intact between seasons, these individuals would not qualify for the social security exemption.

If you are unclear as to whether the employee/employer relationship remained intact or was severed, contact your Human Resources department/consultant or your Schenck account director. A few tips for determining if the employee/employer relationship was severed:

- The employee was terminated in your payroll/HRIS system and upon rehire was given a new employment date
- Terminated employees are eligible for payout of paid time off, per the organization's policies (i.e. vacation or PTO), and 401(k) distributions

### **Intermittent temporary lay-offs**

If there is a qualified individual employed, and the company needs to place this individual on temporary lay-off due to lack of work or annual plant shut down, this individual remains a qualified individual if the employee/employer relationship remains intact during the temporary lay-off or plant shut down. Refer to the tips above for guidance as to whether the relationship was severed.

In determining if an employee is a qualified individual, each situation is facts and circumstance driven.

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