



Idaho's Hire One Tax Credit - FAQs

Learn more at: hireone.idaho.gov

What is the Idaho Hire One Tax Credit?

The Idaho Hire One Tax Credit - introduced by the governor and passed during the 2011 legislative session - is a sliding-scale income tax credit for employers. The amount of the credit is based on an employer's unemployment insurance tax rating, the number of new employees hired and the average unemployment rate during the prior year for the county where the job was created and the work performed.

What new jobs are eligible for the credit?

The credit is in effect for employers who hire new employees on or after April 15, 2011, and by March 31, 2013.

What does an employer need to do to qualify for this credit?

Employers qualify for the credit when they pay \$12 an hour or more plus benefits for jobs created and performed in counties with an annual average unemployment rate of at least 10 percent and \$15 an hour or more plus benefits in counties with lower rates. Applicable county unemployment rates for 2010 are:

County	Rate	County	Rate	County	Rate
Ada	8.9	Cassia	7.1	Lewis	6.3
Adams	17.2	Clark	9	Lincoln	13.5
Bannock	8.5	Clearwater	15.6	Madison	6.6
Bear Lake	6.6	Custer	7.4	Minidoka	7.8
Benewah	14	Elmore	9.3	Nez Perce	7.3
Bingham	7.4	Franklin	5.8	Oneida	5.3
Blaine	9.6	Fremont	10.1	Owyhee	5.2
Boise	10	Gem	11.8	Payette	9.7
Bonner	12.8	Gooding	7.1	Power	10
Bonneville	7	Idaho	11.6	Shoshone	15.1
Boundary	15.6	Jefferson	7.7	Teton	7.9
Butte	6.5	Jerome	8.6	Twin Falls	8.4
Camas	12.7	Kootenai	10.9	Valley	16.3
Canyon	11.4	Latah	7.8	Washington	10.7
Caribou	8	Lemhi	10.5		

An employer can apply for the credit only after the new employee has worked nine consecutive months - regardless of the years in which those months occur - by Dec. 31, 2013. Qualifying employers will receive a tax credit for the gross wages paid during the first 12 months of employment. The credit is claimed on an income tax return filed by the employer for the tax year during which the new hire became qualified for the credit.

Do I qualify for the credit if the employee's nine-month qualifying period ends after Jan. 1, 2014?

No. This tax credit will only apply to new jobs created and employees hired before April 1, 2013, so their nine-month qualifying periods end on or before Dec. 31, 2013 when the credit expires.

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What if the credit is more than the income taxes I owe?

If the credit is greater than an employer's state income tax liability, the employer will be refunded the difference.

What kind of benefits does an employer need to provide?

To qualify, employers must provide group health care coverage that includes hospital, medical and surgical expense coverage and pay at least 80 percent of the premium for single coverage and 70 percent for family coverage. Further details are available from the Idaho State Tax Commission at (208) 334-7660 or (800) 972-7660.

How do I calculate the number of new employees that would qualify?

Determining whether an employer actually hired new workers will be based on an employee count for the year the credit is claimed minus A) the employee count for the previous year or B) the average of the employee counts for the three previous years. If the resulting number is higher, a credit is authorized for the difference. If the count is the same or lower, there is no credit.

How much is the credit?

Employers who pay the qualifying wages and have a positive unemployment insurance tax rating receive a higher credit. Positive-rated employers are eligible for 6 percent of gross wages. Standard-rated employers would receive 4 percent. Negative rated employers receive 2 percent.

What documents do I need to include with my tax return when I claim the credit?

Employers are advised of their unemployment insurance experience rating in mid-December of the preceding year through their unemployment insurance tax notices. They are also advised of their rating on the quarterly tax statements sent to employers by the Idaho Department of Labor. This evidence of rating must be included with the employer's tax return for the year the credit is claimed.

Can I use this tax credit for a scenario that overlaps the taxable year?

Employer questions about specific income tax situations or individual hiring scenarios should be referred to their accountants or the Idaho State Tax Commission at (208) 334-7660 or (800) 972-7660.

Is the Hire One Tax Credit the only job-related tax credit employers can claim?

Idaho has one other job-related tax credit. The Idaho Business Advantage incentive contains a \$1,500 - \$3,000 job tax credit that employers can claim based on a minimum investment of \$500,000 in new facilities and at least 10 new jobs averaging \$40,000 annually, *but employers cannot claim both the Idaho Business Advantage Tax and the Hire One Tax Credit for the same employee.* The Hire One Tax Credit also replaces a second tax credit – the New Jobs Income Tax Credit.

What is the cost to Idaho for this tax credit?

Analysts estimate the jobs eligible for the tax credit will generate \$25.3 million in new tax revenue, which will offset its \$7.6 million estimated annual cost to the general fund.

