



# Save Money by Hiring People

Let the Work Opportunity Tax Credit Work for You



TC Services USA, Inc.

*"The Tax Credit Professionals"*

## **HOW CAN YOU SAVE MONEY BY HIRING PEOPLE?**

Your company could be leaving thousands of dollars on the table by failing to take advantage of federal tax credits aimed at getting people in certain groups into the workforce. This informational brief explains the basics of the Work Opportunity Tax Credit (WOTC) program, and how it can save you between \$1,200 and \$9,000 per eligible employee each year.

### **THE WORK OPPORTUNITY TAX CREDIT IN BRIEF**

In a nutshell, private businesses can reduce their federal income tax while helping some of the most economically dependent Americans move toward greater self-sufficiency. Any private U.S. employer that pays taxes is eligible for the WOTC program.

The WOTC is a federal tax credit offered to private-sector employers who hire individuals in 12 target groups that historically have faced significant employment barriers.

### **THE CREDIT: UP TO \$9,000 PER HIRE**

The WOTC for each employee can range from \$1,200 to \$9,000:

- \$1,200 for each new summer youth hire
- \$2,400 for each new adult hire on Snap Benefits
- \$5,600 for each new disabled veteran hire
- \$9,000 for each new recipient of long-term family assistance hired over a two-year period

### **THE TARGET GROUPS: 12 CATEGORIES**

Hiring people who belong to the following groups may qualify your company for the WOTC program credits:

1. Long-term recipients of Temporary Assistance to Needy Families (TANF)
2. Certain other TANF recipients
3. Qualified food stamp (or SNAP) recipients
4. Residents of designated communities (federally designated Empowerment Zones, Enterprise Communities, Renewal Communities and Rural Renewal Counties)

5. Summer youth employees
6. Qualified veterans (includes those on food stamps for a certain length of time and disabled veterans)
7. Referrals from a state-certified vocational rehabilitation program
8. Qualified ex-felons
9. Recipients of SSI (Supplemental Security Income)
10. Individuals who lost employment due to Hurricane Katrina
11. Unemployed veterans
12. Disconnected youth (as defined by the law)

More information about how these groups are defined is available on the WOTC page of the U.S. Department of Labor website at: [www.doleta.gov/business/Incentives/opptax](http://www.doleta.gov/business/Incentives/opptax).

## **THE NUTS AND BOLTS OF WOTC:**

### **MEET THE DEADLINES**

To be eligible to claim the WOTC for a new employee, you must meet the key application deadlines. TC Services USA emails its clients Weekly WOTC Reminders, to ensure that your company is not leaving money on the table.

### **ENGAGE YOUR MANAGERS TO ENSURE SUCCESS**

To ensure that you get all of the tax credits for which your company is eligible, it's crucial that your managers understand and consistently follow the program's guidelines. That can be tough work. Using an online management system that supports the WOTC

### **Points to Consider:**

*The WOTC Tax Credit is non-refundable.*

*You can carry any credits forward for up to 20 years.*

*The WOTC amount you can claim depends on the number of hours the employee works.*

*The credit is 25% of qualified first-year wages for those employed between 120 and 399 hours; 40% for those employed 400 hours or more.*

*The WOTC credit cannot be claimed for wages paid to relatives, for federally subsidized on-the-job training, or for former employees whom you re-hire.*

*All new adult employees must work at least 120 hours.*

program, like the WOTC Software module, can make it much easier to manage the paperwork and logistics. Companies can access this software for Free by logging into [www.wotcsoftware.com](http://www.wotcsoftware.com).

## THE HIRING PROCESS

| The Deadline                                              | The Action You Must Take                                                                                                                                                        |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>On or before the day you offer an individual a job</b> | You must ask eligibility questions of the job candidate and complete part of Form 8850, the Pre-Screening Notice and Certification Request for the Work Opportunity Tax Credit. |
| <b>Within 28 days after an employee's start-work date</b> | You must complete the remainder of Form 8850 and ETA Form 9061, sign both forms and submit them for approval to your Tax Credit Processor, or TC Services USA Inc.              |

## THE PAPERLESS SOLUTION

For those companies that avoid paperwork, TC Services USA has a 24 hour Call-In Center, to process the WOTC Applications. We support all languages to accommodate the needs of our many diverse clients. Employees are given a Toll Free Number to call and complete the WOTC Survey.

## ADDITIONAL INFORMATION

For additional information about the Work Opportunity Tax Credit, refer to IRS publication Form 8850 and the associated Instructions for Form 8850 (Rev. Jan. 2013) at [www.irs.gov](http://www.irs.gov). Also refer to the United States Department of Labor site at [www.doleta.gov/business/Incentives/opptax](http://www.doleta.gov/business/Incentives/opptax).

## ABOUT TC SERVICES USA, INC.

TC Services USA is the leading source for Employer Tax Credits & Incentives. In addition to the Federal Tax Credits, we also specialize in processing over 3,000 State Tax Credits that are available to employers nationwide. Access the TC Services USA on the Web at [www.TCservicesUSA.com](http://www.TCservicesUSA.com).

TC Services USA Inc.

17 State Street, Suite 4000

New York, NY 10004

212-994-2714