

Hiring Incentives - WOTC, What is It? & Who Qualifies?

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What is WOTC?

WOTC is a Federal tax credit available to employers who hire and retain veterans and individuals from other target groups with significant barriers to employment. Employers claim about \$1 billion in tax credits each year under the WOTC program. There is no limit on the number of individuals an employer can hire to qualify to claim the tax credit, and there are a few simple steps to follow to apply for WOTC.

What types of employees qualify?

- Veterans
- TANF Recipients
- SNAP (Food Stamp) Recipients
- Designated Community Residents (living in Empowerment Zones or Rural Renewal Counties)
- Vocational Rehabilitation Referral
- Ex-felons
- Supplemental Security Income Recipients
- Summer Youth Employee (living in Empowerment Zones)

How are the Tax Credits Calculated?

Employers generally can earn a tax credit equal to 25% or 40% of a new employee's first-year wages, up to the maximum for the target group to which the employee belongs. Employers will earn 25% if the employee works at least 120 hours and 40% if the employee works at least 400 hours.

Does my Client Qualify for WOTC?

The only way to know is by getting your Client on the phone with a National Account Manager. The National Account Manager will walk through a few questions that will allow us to determine if WOTC would be a good opportunity for them or not.

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