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## **Business Credits That Cut Your Tax Bill**

### **WORK OPPORTUNITY**

By hiring employees who have consistently faced significant barriers to employment, your company may be eligible for the Work Opportunity Tax Credit. Generally, the credit equals 40% of the first \$6,000 of wages paid to the qualifying employee, with a maximum credit of \$2,400 per worker. You and your employee will need to complete a form to notify the IRS that you plan to claim this credit.

### **EMPOWERMENT ZONES**

If your business operates in a designated empowerment zone (an economically depressed area as determined by the IRS), you may be eligible for a tax credit of up to \$3,000 per employee. To qualify, the employee must complete most of their work in the empowerment zone for the employer, and their principal residence must also be in the designated zone.

### **HEALTH INSURANCE**

To encourage small companies to provide health insurance to employees, the IRS offers the Small Business Health Care Tax Credit worth up to 50% of the cost you pay for employees' premiums. There are several requirements for claiming this credit, including having fewer than 25 full-time equivalent employees and paying at least 50% of employees' premium costs.

## EMPLOYEE RETENTION

One of the numerous corporate tax breaks that came out of the COVID-19 legislation was the Employee Retention Credit. If your business was shut down by government orders or sustained decreased sales, but you continued to pay employees, you could be eligible for up to \$21,000 in tax credits per employee for 2021. Although the eligible pay periods expired in September 2021, you can still file amended payroll tax returns to claim any credit you're entitled to. The calculations for this credit are tedious so consult with your tax professional if you believe you qualify for the Employee Retention Credit.



(516) 294-0400



(516) 938-0491



415 CROSSWAYS PARK DR.  
SUITE C  
WOODBURY, NY 11797

[KVLSMCPA.COM](http://KVLSMCPA.COM)

