WORK OPPORTUNITY TAX CREDIT (WOTC)

Maximize your employee investment through available hiring credits

Does your company anticipate growth or have frequent new hires? Have you developed a process for screening all employees for WOTC eligibility? Are your internal tax and human resources professionals confident in the company’s ability to identify eligible employees and receive appropriate credits?

If your business has recently hired, plans to hire or regularly hires new employees, the federal WOTC program could provide a considerable advantage to your bottom line. With credits valued at up to $9,600 per employee and ten different eligibility categories, it is easy to see why a simple, reliable and effective program for WOTC qualifier identification and timely claim management is important.

RSM’s credits and incentives practice has professionals dedicated to helping your company discover and recover all the employment credits you are due. We have the resources, processes and experience to help you maximize your hiring investment.

Understanding WOTC eligibility

The WOTC credit is a federally mandated credit administered by each state and aimed at encouraging employment of targeted groups. As a private, for-profit employer, you may receive credits against your federal tax liability for eligible employees.

Numerous variables determine the credit per employee, and compliance requirements include the timely filing of claims, typically within 28 days of hire.

Available credits

The credits are calculated for each new hire and prorated based on hours worked and percentage of wages paid. Both full- and part-time employees can qualify, and there is no limit to the number of eligible employees claimed per year.

Current maximum allowable credits per new employee are:

- $1,200 — summer youth
- $2,400 — qualified adult hire
- $5,600 — unemployed veteran hire
- $9,000 — long-term family assistance recipient hire (over a two-year period)
- $9,600 — disabled veteran hire
Targeted groups
Employers may file claims for employees who have worked a minimum of 120 hours and meet one of the following criteria:

- Long-term family assistance recipient
- Qualified recipient of Temporary Assistance for Needy Families (TANF)
- Qualified veteran
- Qualified ex-felon
- Designated community resident (i.e., federal empowerment zones (EZ) and rural renewal counties (RRC))
- Vocational rehabilitation referral
- Summer youth employee
- Supplemental Nutrition Assistance Program (SNAP) recipient
- Supplemental Security Income (SSI) recipient
- Long-term unemployed

The WOTC rules require employers to screen and certify eligible employees before filing up to three forms per employee claim. The qualifying criteria for WOTC can be sensitive in nature and must be handled carefully in order to comply with guidelines and maintain strong employee-employer relationships.

RSM can help you incorporate WOTC screening into your regular hiring process to make sure you don’t miss an opportunity.

RSM supports your success
Our credits and incentives team includes individuals with federal, state and employment tax experience, creating a strong foundation for your success. We can help identify where you may be eligible for credits, as well as help document eligibility, file timely claims and ensure those claims are properly applied on your federal tax return, where appropriate.

While the WOTC is a nationally available federal credit, it is administered at the state level, often with different requirements. For businesses operating in numerous locations, this can mean that your tax and hiring teams need to manage various deadlines and submission criteria.

RSM’s proven process can help minimize additional effort on the part of your staff, while maximizing available tax credits, including state-specific credits that may be triggered by data obtained in a WOTC screening. You can rely on our credits and incentives team to help manage your employee credits efficiently, effectively and confidentially. We understand that employment tax credits can be an integral part of your overall tax planning strategy and can work with you to help ensure your business receives every credit dollar due.

That’s the power of RSM. The power of being understood.