



WOTC, What is It & Who Qualifies



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Modified on: Mon, 11 Jan, 2021 at 4:54PM

What is WOTC?

WOTC is a Federal tax credit created by the Small Business Job Protection Act of 1996 and the Welfare-to-Work Tax Credit of 1996. This credit is available to employers who hire and retain from target groups. 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.

Is WOTC the only program we review?

WOTC is a great program to start out with. But you will benefit from looking at all Employer Based Tax Incentives. The next section of this article explains more. The most notable two programs in addition to WOTC are Section 41 R&D Tax Credit, and the Startup Tax Credits.

What Types of Employees Qualify?

From the 1940's through the 1990's:

Although many of these programs started out as programs specifically designed for Veterans, they were expanded in the 80's and 90's to include broader groups such as TANF Recipients, SNAP (Food Stamp) Recipients, Residents living in Empowerment Zones or Rural Renewal Counties), Employees receiving certain types of vocation training, Ex-Felons, Supplemental Security Income Recipients, Summer Youth Employees, and Seasonal Workers.

Into the 2000's...

The Financial Meltdown in the mid 2000's brought about a renewed focus on Job Creation. With this we saw massive expansion of Federal Tax Incentives for creating, and maintaining jobs. This was done through the Small Business Jobs Act, The American Recovery and Reinvestment Act, Numerous Job Creation and Protection Acts, and most notable the PATH Act signed by President Obama for effective changes in 2016 through 2022. As of December 21, 2020 WOTC has been extended through December 31, 2025

The pattern in the last decade is that with the passing of each Act, more and more companies are eligible for Employee based Tax Incentives that broaden not only WOTC itself, but hundreds of programs that surround it.

Regardless of Any Individual Candidate or Employee

Virtually All Employers in These Industries Qualify for Employer Based Tax Incentives:

- Manufacturers
- Software Companies
- Producers of Products
- Architectural / Engineering / Design Groups
- Pharmaceutical Companies
- Labs
- Startup Companies
- Companies Performing Technical Functions

[See Page #3 to get more information on these programs]

How are the Tax Credits Calculated?

Employers for WOTC candidates 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. The average benefit per employee is \$2,400.00. The other fore-mentioned Tax Incentives have their own specific calculation methods of which can be found when your Stryde [GMG -Senior Advisor] runs the Presentation Pro within the App

Can You Receive WOTC or Hiring Tax Incentives on Existing Employees?

Modified on: Thu, 16 Feb, 2017 at 6:24 AM

Yes in most cases you can take variations of these tax incentives for your existing employees. The Workers Opportunity Tax Credit itself may only be taken on new employees that are pre-qualified for WOTC before they begin employment. Our system works to help ensure compliance and promoting the screening process prior to this step so that you receive every possible credit you are entitled to. Our system automatically identifies which programs are available for you current employees. These credits often match or even exceed the amount of tax credits that can be found under the WOTC program. These include certain geographic based incentives, retroactive credits, Empowerment Zone, Indian Employer Tax Credit, TICA Tip Tax Credit, R&D Tax Credit, Employment Credits from IRC Section 41, and Startup Tax Credits.

How To Get Started with WOTC:

1. Go to the following link: <https://gmg.me/257226>
2. Click **“Activate Now”** [This will activate your Client Portal]
3. Follow instructions once in your Client Portal

Employer Programs Beyond WOTC for Businesses

Modified on: Thu, 16 Feb, 2017 at 6:43 AM

Is WOTC the Only Program We Review?

WOTC is a great program for almost every employer. But you'll benefit from looking at all Employer Based Tax Incentives. The most notable two programs in addition to WOTC are Section 41 R&D Tax Credit, and the Startup Tax Credits.

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Why Do Businesses Qualify?

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Virtually any business can now benefit from Employer Based Tax Incentives because even candidates that don't qualify for WOTC often qualify for other tax incentives.

How Do Businesses Get Qualified For These Additional Employer Tax Credits?

Go into the Client Record and make sure they not only have the services of WOTC, R&D, Property Tax, and Cost Segregation. Make sure they not only have the service, but that that service is in production and available to the business.