



Adding Value to Your Organization With the Work Opportunity Tax Credit

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- A professional services firm with three distinct business lines
 - Wealth Advisory
 - Outsourcing
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- More than 4,500 employees
- Offices coast to coast
- Serve more than 6,800 health care clients



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Speaker Introductions

- **Jen Rohen**

Jen Rohen is a tax manager with CLA. She has more than 10 years of experience assisting clients with identifying Federal, State, and Local strategies that include tax credits, property and sales tax incentives, employment tax rebates, and various grants. Jen specializes in identifying Federal tax savings strategies for clients including cost segregation, 179D, and other benefits related to fixed asset studies – as well as prospective state tax benefits, including financing assistance and grants, ITC, WOTC, TIFs, and other in-kind benefits.



Speaker Introductions

- **Mitch Gerstein**

Mitch is a principal and national health care tax leader with CLA. Mitch has nearly 30 years providing tax advisory services for senior living, multi-specialty groups and physician groups. His specialties include tax compliance and planning consultation. He is the primary business advisor for many clients in the Northeast Region and large clients nationally. Mitch's well-rounded career gives him key insights that enable him to advise all types of clients on a wide variety of high-level tax and business issues including complex corporate tax planning and structuring.



Learning Objectives

- At the end of this session, you will be able to:
 - Understand the purpose and mechanics of the Work Opportunity Tax Credit and how it applies to your health care organization
 - Evaluate your organization to determine whether this is a strong fit for you
 - Identify next steps to collect relevant data and begin the process for your business
 - Understand new IRS letter ruling related to transition relief for certifying employees and claiming the WOTC credit for 2015



Work Opportunity Tax Credit(WOTC)

- The tax credit allows employers to reduce their federal tax liability by up to \$9,600 per new hire. For-profit businesses of any size qualify. 501(c) non-profits qualify for the veteran target groups only.
- The tax credit allows for a refund of taxes paid on form 941 by tax exempt organizations of up to \$6,240.
- 501(c) non-profits qualify for the veteran target groups only.
- The tax credit applies to temporary, seasonal, part-time, and full-time workers. The tax credit is available for new hires with job start dates through December 31, 2019.
- The WOTC Credit was recently retroactively authorized for 2015, with transition relief available for all employees hired from 1/1/15 through 5/31/16 . All forms must be submitted by June 29, 2016 to be eligible for transition relief. Thereafter, all forms for eligible employees must be submitted within 28 days of the date of hire.
- The WOTC applies only to new employees who have never worked for whom the hiring employer has never taken credit at any other time.
- Any type of job is acceptable.



How WOTC Impacts Tax Liability

- Taxable employers claim the WOTC as a general business credit on Form 3800 against their income tax. The WOTC is calculated using Form 5884.
- For flow-through organizations with members in AMT, WOTC will offset AMT.
- To the extent that WOTC is not fully utilized, carry forward period is up to 20 years and carry back is one year.
- Tax exempt employers claim the WOTC as an offset or refund to payments made on Form 941.



QUALIFYING GROUPS

- For the employer to claim the WOTC for a new hire, the employee must be certified as a member of a targeted group by meeting the criteria described in any of the groups listed below. The employer is not expected to verify eligibility of the employee at time of hire.
- [Short-term Temporary Assistance for Needy Families \(TANF\) Recipient \(Group 1\)](#)
- [Qualified Veteran \(Group 2a\)](#)
- [Disabled Veteran \(Group 2b\)](#)
- [Unemployed Disabled Veteran \(Group 2c\)](#)
- [Unemployed Veteran - 4 Weeks \(Group 2d\)](#)
- [Unemployed Veteran - 6 Months \(Group 2e\)](#)
- [Qualified Ex-felon: \(Group 3\)](#)
- [Designated Community Resident \(Group 4\)](#)
- [Vocational Rehabilitation Referral \(Group 5\)](#)
- [Qualified Summer Youth \(Group 6\)](#)
- [Food Stamp Recipient \(Supplemental Nutrition Assistance Program - SNAP\) \(Group 7\)](#)
- [Supplemental Security Income Recipient \(Group 8\)](#)
- [Long-term Family Assistance Recipient \(Group 9\)](#)
- [Qualified Long-term Unemployment Recipient \(Group 10\)](#)



Qualifying Groups (Non-Profit)

- For the employer to claim the WOTC for a new hire, the employee must be certified as a member of a targeted group by meeting the criteria described in any of the groups listed below. The employer is not expected to verify eligibility of the employee at time of hire.
- [Qualified Veteran \(Group 2a\)](#)
- [Disabled Veteran \(Group 2b\)](#)
- [Unemployed Disabled Veteran \(Group 2c\)](#)
- [Unemployed Veteran - 4 Weeks \(Group 2d\)](#)
- [Unemployed Veteran - 6 Months \(Group 2e\)](#)



ELIGIBILITY

WOTC TARGET GROUPS DEFINED

<p>Veteran</p>	<p>To be considered a veteran eligible for WOTC, an individual must meet these two standards:</p> <ol style="list-style-type: none"> 1. Have served on active duty (not including training) in the U.S. Armed Forces for more than 180 days or have been discharged or released from active duty for a service-connected disability; AND 2. Cannot have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date. <p>To be eligible for WOTC, a veteran must also be one of the following:</p> <ul style="list-style-type: none"> • A member of a family that received Supplemental Nutrition Assistance Program benefits (food stamps) for at least 3-months during the 15-month period ending on the hiring date; OR • Entitled to compensation for a service-connected disability and was: <ul style="list-style-type: none"> o Hired within 1 year of discharge or release from active duty, or o Unemployed for at least 6 months in the year ending on the hiring date; OR • Unemployed for: <ul style="list-style-type: none"> o At least 4 weeks (but less than 6 months) in the year ending on the hiring date, or o At least 6 months in the year ending on the hiring date.
<p>Long-Term or Short-Term Temporary Assistance for Needy Families Recipient</p>	<p>Short-term Temporary Assistance for Needy Families (TANF) Recipient – An individual who is a member of a family that:</p> <ul style="list-style-type: none"> • Received TANF benefits for any 9 months during the 18-month period ending on the hiring date. <p>Long-term TANF Recipient – An individual who is a member of a family that meets one of the following:</p> <ul style="list-style-type: none"> • Received TANF benefits for at least 18 consecutive months ending on the hiring date; OR • Stopped being eligible for TANF payments during the past 2 years because a Federal or state law limited the maximum time those payments could be made, and the individual is hired not more than 2 years after such eligibility ended; OR • Received TANF benefits for any 18 months after August 5, 1997, and has a hiring date that is not more than 2 years after the end of the earliest 18-month period after August 5, 1997.
<p>Supplemental Nutrition Assistance Program Recipient (Food Stamps)</p>	<p>A Supplemental Nutrition Assistance Program (SNAP) recipient age 18-39 years who is a member of a family that received SNAP benefits (food stamps) for:</p> <ul style="list-style-type: none"> • The 6-month period ending on the hiring date; OR • At least 3 of the 5 months ending on the hiring date, in the case of a family member who ceased to be eligible for such assistance under Section 6(o) of the Food Stamp Act of 1977.
<p>Designated Community Resident</p>	<p>An 18-39 year old who lives within one of the federally-designated Rural Renewal Counties or Empowerment Zones.</p>
<p>Vocational Rehabilitation Referral</p>	<p>An individual with a disability who completed or is completing rehabilitative services from a state certified agency, an Employment Network under the Ticket to Work program, or the U.S. Department of Veteran Affairs.</p>
<p>Ex-Felon</p>	<p>An individual who:</p> <ul style="list-style-type: none"> • Has been convicted of a felony; AND • Who is hired within 1 year after the conviction or release date from prison.
<p>Supplemental Security Income Recipient</p>	<p>An individual who received Supplemental Security Income (SSI) benefits for any month that ended during the 60-day period ending on the hire date.</p>
<p>Summer Youth Employee</p>	<p>A 16 or 17 year-old youth who:</p> <ul style="list-style-type: none"> • Works for the employer between May 1st and September 15th; AND • Lives within one of the federally-designated Empowerment Zones.
<p>Qualified Long-term Unemployment Recipient</p>	<p>Any individual who is certified by the designated local agency as being in a period of unemployment which:</p> <ul style="list-style-type: none"> • Is not less than 27 consecutive weeks, and • Includes a period in which the individual was receiving unemployment compensation under State or Federal law.



CREDIT AMOUNT

TARGET GROUP	MAXIMUM TAX CREDIT
VETERANS	
Receives SNAP benefits	\$2,400
VETERANS ENTITLED TO COMPENSATION FOR SERVICE CONNECTED DISABILITY	
Hired one year from leaving service	\$4,800
Unemployed at least 6 months	\$9,600
UNEMPLOYED VETERANS	
At least 4 weeks	\$2,400
At least 6 months	\$5,600
OTHER WOTC TARGET GROUPS	
Short Term TANF Recipient	\$2,400
Long-Term TANF Recipient	\$9,000 (over two years)
SNAP (Food Stamp) Recipient	\$2,400
Designated Community Resident	\$2,400
Vocational Rehabilitation Referral	\$2,400
Ex-Felon	\$2,400
SSI Recipient	\$2,400
Summer Youth	\$1,200
Qualified Long-term Unemployment Recipient	\$2,400



Credit Amount(Nonprofit)

Category of Qualified Veteran being hired by qualified tax-exempt organization	Worked at least 120 hours but less than 400 hours as of the date Form 5884-C is filed	Worked at least 400 hours as of the date Form 5884-C is filed
	Max Credit:	Max Credit:
Veteran certified as being a member of a family receiving assistance under a supplemental nutrition assistance program under the Food and Nutrition Act of 2008 for at least a 3-month period ending during the 12-month period ending on the hiring date.	16.25% of \$6,000 of first-year wages (up to \$975)	26% of \$6,000 of first-year wages (up to \$1,560)
	Max Credit:	Max Credit:
Veteran certified as having aggregate periods of unemployment of at least 4 weeks but less than 6 months in the year prior to being hired	16.25% of \$6,000 of first-year wages (up to \$975)	26% of \$6,000 of first-year wages (up to \$1,560)
	Max Credit:	Max Credit:
Disabled veteran who is certified as having a hiring date which is not more than 1 year after discharge or release from active duty	16.25% of \$12,000 of first-year wages (up to \$1,950)	26% of \$12,000 of first-year wages (up to \$3,120)
	Max Credit:	Max Credit:
Veteran certified as having aggregate periods of unemployment of 6 months or more in the year prior to being hired	16.25% of \$14,000 of first-year wages (up to \$2,275)	26% of \$14,000 of first-year wages (up to \$3,640)
	Max Credit:	Max Credit:
Disabled veteran who is certified as having aggregate periods of unemployment of 6 months or more in the year prior to being hired	16.25% of \$24,000 of first-year wages (up to \$3,900)	26% of \$24,000 of first-year wages (up to \$6,240)



Our Process

STEP 1: Identify eligible employees

- Either take the electronic survey; or
- Provide forms and instructions to include in the application package

STEP 2: Request any supporting data to submit along with applications (forms 8850 and 9061) and submit to the state for verification of eligibility

STEP 3: Manage reporting and compliance process with the state – including accepted applications, appeals and denials

STEP 4: Collect data on eligible employees at year end to compute tax credit;

STEP 5: Compute and report tax credit on form 5884.

STEP 6: Identify any eligible candidates for related state tax credits and process as needed to submit to the state(s).



State Job Tax Credits

The job creation tax credits (JCTCs) enacted in 22 states allow companies to claim financial assistance when they hire a number of new workers and issue new benefit packages, such as health insurance above designated thresholds. Each state typically issues credits and incentives in different ways.

The amount of credit issued can be a percentage of the total annual wages paid to newly hired workers, a percentage of the state income tax withholdings associated with new jobs, or simply a fixed dollar amount.

Some states also offer multiple credit rates that compensate companies at incremental, successive levels of job creation.



Qualifications

JENNIFER E. ROHEN, JD

Profile

Jennifer Rohen is a tax manager with CliftonLarsonAllen. She has over 10 years of experience assisting clients who are making human and tangible capital investments reduce their cost of capital and increase return on investment by identifying Federal, State, and Local strategies that include tax credits, property and sales tax incentives, employment tax rebates, and various grants. Jen works with clients interested in New Markets Tax Credits to identify appropriate Community Development Entities (CDEs) who have allocations for projects and obtain allocation from those CDEs for the qualifying investments. She helps clients to monetize tax credits for various federal investments in solar energy projects. Jen identifies Federal tax savings strategies for clients including cost segregation, 179D, and other benefits related to fixed asset studies. Jen's experience in specializing in prospective state tax benefits, with a focus on credits and incentives helps clients choose among different locations and realize the total impact of a location decision with regard to the tax and related financial implications. This involves working with state agencies and local municipalities in connection with negotiating incentive packages. The benefit packages typically include financing assistance and grants, ITC, WOTC, TIFs, and other in-kind benefits. Jen has worked with over 100 clients in her career as a specialist.

Technical expertise

- Negotiated Incentives
- Federal Tax Credits
- State and Local Tax Credits
- WOTC
- New Market Tax Credits, Solar Power, 179D savings strategies

Education

- Juris Doctor with an emphasis in Corporate and Tax Law from St. Louis University
- Bachelor of Arts, Lindenwood University, *Summa Cum Laude*





Case Studies

Qualifications

MITCHELL GERSTEIN, CPA, PFS, MST

Profile

Mitchell is a Principal and National Health Care Tax Leader with CliftonLarsonAllen. Mitchell has nearly 30 years providing tax advisory services for senior living, multi-specialty groups and physician groups. His specialties include tax compliance and planning consultation. He is the primary business advisor for many clients in the Northeast Region and large clients nationally. Mitchell's well-rounded career gives him key insights that enable him to advise all types of clients on a wide variety of high-level tax and business issues including complex corporate tax planning and structuring.

Technical expertise

- Develops, communicates, and implements innovative strategies that minimize the overall effect of income, estate and gift taxes, and evaluates tax alternatives and consequences of transactions and business decisions
- Assists clients with financial planning needs, including estate, retirement, business succession, income tax, investment and insurance planning
- C and S corporations, Multi-state corporations
- IRS, state(s), and local audits including employment, income tax, sales and use tax

Education

Mitchell received his Bachelor's of science in business administration with a concentration in accounting from Drexel University. Mitchell holds a Master's of science in taxation with highest honors from Widener University, Chester, Pennsylvania.

Mitchell's professional affiliations include the Pennsylvania Institute of Certified Public Accountants (PICPA), the American Institute of Certified Public Accountants (AICPA), the Healthcare Financial Management Association (HFMA), Medical Group Management Association (MGMA) Nationally, Pennsylvania and New Jersey, Radiology Business Management Association (RBMA) Nationally and Northeast Chapter. He also serves on the PICPA's Healthcare Committee.

Professional Certifications

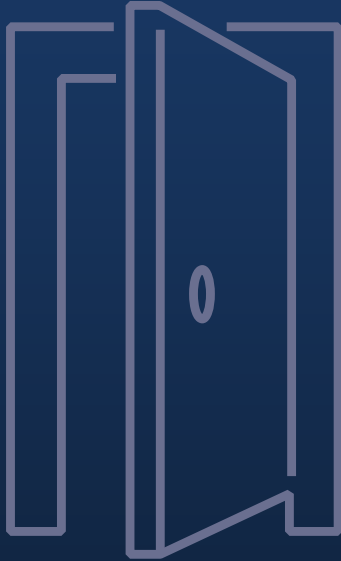
Mitchell is a Certified Public Accountant, a Certified Specialist in Estate Planning and is a Personal Financial Specialist.



Questions?



Thank you



Jen Rohen, Tax Manager

jennifer.rohen@CLAconnect.com

314-925-4326

Mitch Gerstein, Principal

mitch.gerstein@CLAconnect.com

267-419-1622

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