



WORK OPPORTUNITY TAX CREDIT

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- Offices coast to coast
- Serve more than 25,000 private sector organizations



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Speaker Introduction

Jennifer Rohen, JD

- 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
- Specializes in identifying federal tax savings strategies for clients including
 - Cost segregation
 - 179D and other benefits related to fixed asset studies
 - Prospective state tax benefits, including financing assistance and grants, ITC, WOTC, TIFs, and other in-kind benefits



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 organization
- Evaluate your business 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)

- 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.
- 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 through June 29, 2016 for all employees hired from January 1, 2015 through May 31, 2016. This means that there is an opportunity to capture the credit for employees hired since 1/1/15 without regard for the 28 day submission window.
- Applies only to new employees who have never worked for the hiring employer 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.



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 \(Group 10\)](#)



ELIGIBILITY

WOTC TARGET GROUPS DEFINED

Veteran

To be considered a veteran eligible for WOTC, an individual must meet these two standards:

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.

To be eligible for WOTC, a veteran must also be one of the following:

- 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:
 - Hired within 1 year of discharge or release from active duty, or
 - Unemployed for at least 6 months in the year ending on the hiring date;OR
- Unemployed for:
 - At least 4 weeks (but less than 6 months) in the year ending on the hiring date, or
 - At least 6 months in the year ending on the hiring date.



ELIGIBILITY

WOTC TARGET GROUPS DEFINED

Long-Term or Short-Term Temporary Assistance for Needy Families Recipient

Short-term Temporary Assistance for Needy Families (TANF) Recipient – An individual who is a member of a family that:

- Received TANF benefits for any 9 months during the 18-month period ending on the hiring date.

Long-term TANF Recipient – An individual who is a member of a family that meets one of the following:

- 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.

Supplemental Nutrition Assistance Program Recipient (Food Stamps)

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:

- 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.



ELIGIBILITY

WOTC TARGET GROUPS DEFINED	
Designated Community Resident	An 18-39 year old who lives within one of the federally-designated Rural Renewal Counties or Empowerment Zones.
Vocational Rehabilitation Referral	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.
Ex-Felon	An individual who: <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.
Supplemental Security Income Recipient	An individual who received Supplemental Security Income (SSI) benefits for any month that ended during the 60-day period ending on the hire date.
Summer Youth Employee	A 16 or 17 year-old youth who: <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.
Qualified Long-term Unemployment Recipient	Any individual who is certified by the designated local agency as being in a period of unemployment which: <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



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*





Questions?

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