

# Rural Renewal County Benefits From the Work Opportunity Tax Credit

Jennifer Rohen, JD

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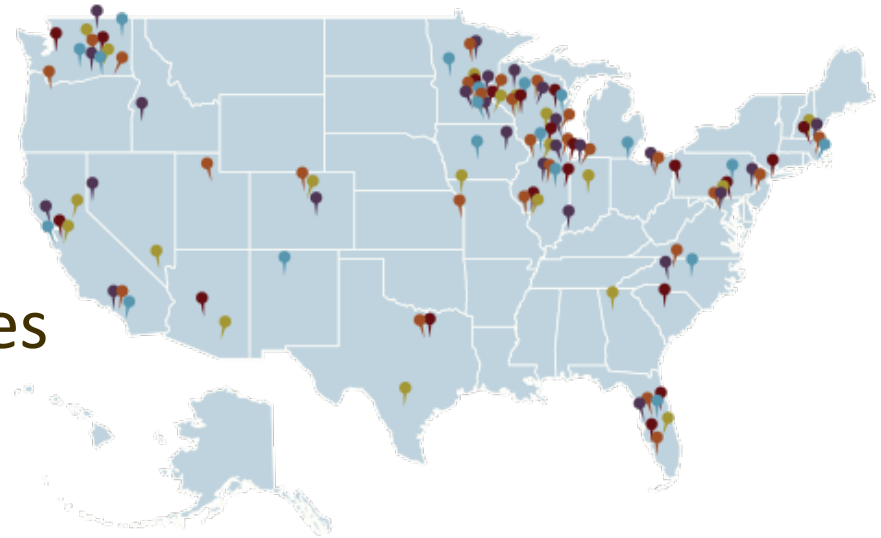
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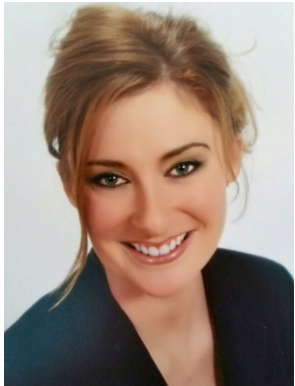
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# Speaker Introductions



## **Jennifer Rohen, JD, Federal Tax Solutions**

Jennifer Rohen is a tax manager with CLA who leads the Work Opportunity Tax Credit practice. She has more than 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 has worked with over 100 clients in her career as a specialist.



# 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 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



# 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 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 applies only to new employees who have never worked for the hiring employer at any other time.
- Any type of job is acceptable, including temporary, seasonal, full-time, and part-time employment.



# 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

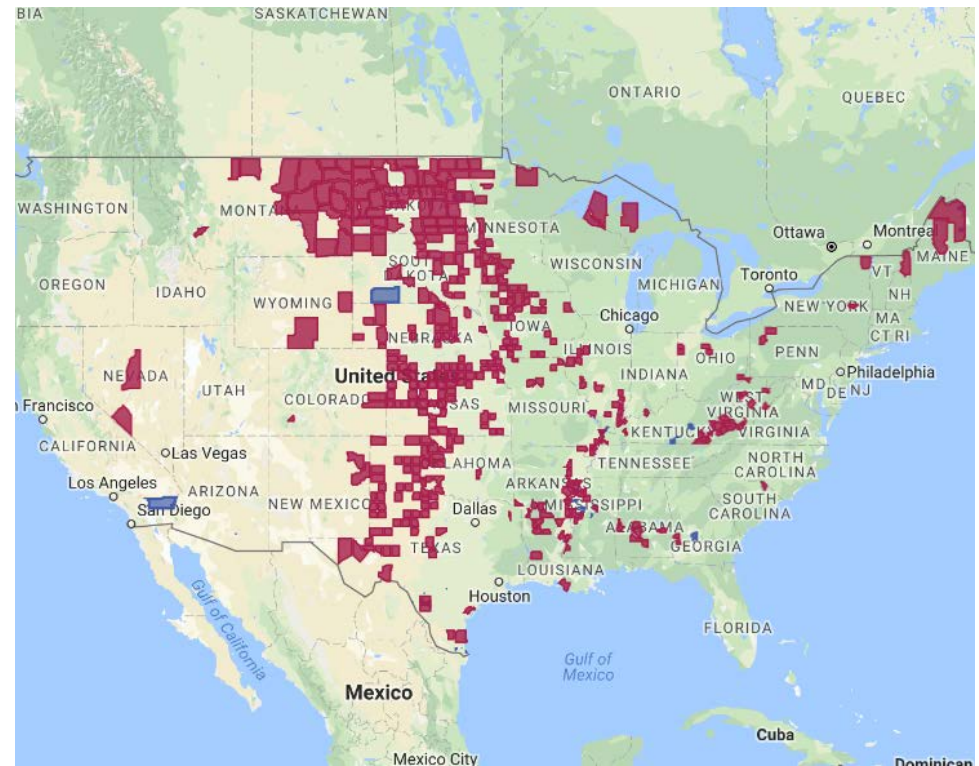
- For the employer to claim the WOTC for a new hire, the employee must be certified as a member of a targeted group by meeting the criteria described in any of the groups listed below. The employer is not expected to verify eligibility of the employee at time of hire.
  - [Short-term Temporary Assistance 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 \(Group 5\)](#)
  - [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 \(Group 10\)](#)



# Rural Renewal Counties

## States with RRCs:

Alabama	Montana
Alaska	Nebraska
Arkansas	Nevada
Colorado	New Hampshire
Georgia	New Mexico
Illinois	New York
Indiana	North Dakota
Iowa	Ohio
Kansas	Oklahoma
Kentucky	Pennsylvania
Louisiana	South Carolina
Maine	South Dakota
Michigan	Texas
Minnesota	Virginia
Mississippi	West Virginia
Missouri	Wyoming



# Eligibility

## WOTC Target Groups Defined

Veteran	<p>To be considered a veteran eligible for WOTC, an individual must meet these two standards:</p> <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> <p>To be eligible for WOTC, a veteran must also be one of the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Entitled to compensation for a service-connected disability and was:             <ul style="list-style-type: none"> <li>• Hired within 1 year of discharge or release from active duty, OR</li> <li>• Unemployed for at least 6 months in the year ending on the hiring date; OR</li> </ul> </li> <li>• Unemployed for:             <ul style="list-style-type: none"> <li>• At least 4 weeks (but less than 6 months) in the year ending on the hiring date, OR</li> <li>• At least 6 months in the year ending on the hiring date.</li> </ul> </li> </ul>
Long-Term or Short-Term Temporary Assistance for Needy Families Recipient	<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"> <li>• Received TANF benefits for any 9 months during the 18-month period ending on the hiring date.</li> </ul> <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"> <li>• Received TANF benefits for at least 18 consecutive months ending on the hiring date; OR</li> <li>• 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</li> <li>• 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.</li> </ul>



# Eligibility (continued)

## WOTC Target Groups Defined

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: <ul style="list-style-type: none"> <li>• The 6-month period ending on the hiring date; OR</li> <li>• 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.</li> </ul>
Designated Community Resident	An 18-39 year old who lives within one of the federally-designated Rural Renewal Counties.
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: 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.
Qualified Long-term Unemployment Recipient	Any individual who is certified by the designated local agency as being in a period of unemployment which: 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
<b>Veterans</b>	
Receives SNAP benefits	\$2,400
<b>Veterans Entitled to Compensation for Service Connected Disability</b>	
Hired one year from leaving service	\$4,800
Unemployed at least 6 months	\$9,600
<b>Unemployed Veterans</b>	
At least 4 weeks	\$2,400
At least 6 months	\$5,600
<b>Other WOTC Target Groups</b>	
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
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 within 28 days of the start date for any eligible employee.

**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).



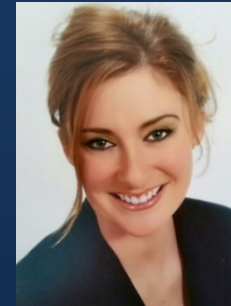
# Questions?

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