

THE BOTTOM LINE

- Employers make the hiring decision.
- There is no limit to the number of new hires who can qualify the employer for the tax savings.
- There is minimal paperwork needed to claim the WOTC.

WHAT'S NEW?

The Recovery Act of 2009 introduced two new target groups: 1) Unemployed Veterans and 2) Disconnected Youth, who begin to work for an employer on or after January 1, 2009 and before September 17, 2009.

HOW TO FIGURE THE WOTC...

For *most target groups*, the WOTC can be as much as \$2,400. It is based on *qualified wages* paid to the new employee for the *first-year of employment*. Generally, qualified wages are capped at \$6,000. The credit is 25% of qualified first-year wages for those employed at least 120 hours and 40% for those employed 400 hours or more.

For *Disabled Veterans*, the WOTC can be as much as \$4,800 with qualified wages capped at \$12,000. For *Long-Term TANF Recipients* the tax credit can be as much as \$9,000, with qualified wages capped at \$10,000 for a combined two-year period. For *Summer Youth* the WOTC can be as much as \$750 during the 90-day period of employment with wages capped at \$3,000. To qualify employers for the WOTC, the new hire must begin work after December 31, 2005 and before September 1, 2011.

HIRE FROM AMONG THESE 12 GROUPS

1. Long-term TANF recipient - member of a family that: 1) received Temporary Assistance for Needy Families (TANF) payments for at least 18 consecutive months ending on the hiring date, or 2) received TANF payments for any 18 months beginning after August 5, 1997, and the earliest 18 month period ended during the past 2 years prior to the hiring date, or 3) whose family stopped being eligible for TANF payments because 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.

2. Other TANF recipient -- member of a family that received TANF payments for any 9 months during the 18-month period ending on the hiring date.

3. Veteran - member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date, or a disabled veteran entitled to compensation for a service-connected disability hired within one year of discharge from active duty, or unemployed for a period totaling at least 6 months of the year ending on the hiring date.

4. 18-39 Year-Old SNAP (food stamps) recipient - member of a family that received SNAP benefits (food stamps) for either the 6-month period ending on the hiring date, or for 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.

5. 18-39 Year-Old Designated Community resident -- individual who lives within an Empowerment Zone (EZ), Renewal Community (RC), or Rural Renewal County (RRC).

6. 16-17 Year-Old Summer Youth - individual who works for the employer between May 1 and September 15, and lives in an EZ or RC.

7. Vocational Rehabilitation referral - disabled person referred to the employer upon completion of (or while receiving) rehabilitation services approved by the State, Ticket-to-Work Program, or the Dept of Veteran Affairs.

8. Ex-Felon - individual convicted of a felony and hired within one year after the date of the conviction or release from prison.

9. SSI recipient - individual who received Supplemental Security Income benefits for any month ending during the past 60-day period ending on the hiring date.

10. Hurricane Katrina employee - an individual who, on August 28, 2005, had a primary residence in the Gulf Opportunity (GO) Zone (core disaster zone) and, during a 4-year period beginning on this date, is hired to perform services, principally, in the GO Zone. **State certification does not apply to this group.**

11. Unemployed Veteran - any individual who is certified as: 1) having been discharged or released from active duty at any time during the 5-year period ending on the hiring date, *and* 2) being in receipt of unemployment compensation under State or Federal law for not less than 4 weeks during the one-year period ending on the hiring date.

12. Disconnected Youth - individual who is certified as: 1) having attained age 16 but not 25 on the hiring date, 2) not regularly attending any secondary, technical, or post-secondary school during the 6-month period preceding the hiring date, 3) not regularly employed during such 6-month period (other than occasionally), *and* 4) not readily employable by reason of lacking a sufficient number of skills.