



Work Opportunity Tax Credit

ELEVATE YOUR TAX SAVINGS WITH WOTC



What Is the WOTC?

The federal Work Opportunity Tax Credit (WOTC) works as a *tax incentive opportunity* borne to grant businesses savings in their income tax liability while simultaneously revealing a path back to employment for individuals who often experience roadblocks.

How Does the WOTC Work?

The WOTC awards an employer tax credits when it hires an employee who qualifies within one of 14 mandated target groups. Within those categories, credit values range between \$1,200 and \$9,600 for each new hire.

The IRS guidelines base the credit calculation on three factors:

- the qualifying group
- a percentage of wages
- the number of hours worked (at least 120 hours in the first year of employment)

A company must bear a tax liability to claim the credits. But as part of the General Business Credit, the WOTC can be carried back one year or carried forward up to 20 years. Thus, if an employer hires a WOTC-eligible employee in a year the business doesn't hold a tax liability, the company may later claim the credit the year in which it does sustain a tax liability.

PROGRAM OVERVIEW

 **14** TARGET GROUPS



Up to \$9,600
CREDIT / ELIGIBLE NEW HIRE



Partnering with tax specialists, such as CTI's elite team of attorneys, CPAs, and HR specialists can help you navigate the WOTC complexities.

Call 866-444-4880 for a CTI tax professional.



Employees Who Qualify for the WOTC

TARGET GROUP	MAX CREDIT
VETERANS	
Veterans with a service-connected disability who have been unemployed for at least six months in the past year	\$9,600
Veterans with a service-connected disability and hired within one year of their discharge/release date	\$4,800
Veterans who have been unemployed for at least six months	\$5,600
Veterans receiving Supplemental Nutrition Assistance Program (SNAP) benefits	\$2,400
Veterans who have been unemployed for at least four weeks but less than six months	\$2,400
NON-VETERANS	
Long-term unemployed individuals who have been out of work for more than 27 consecutive weeks and received unemployment compensation	\$2,400
Supplemental Nutrition Assistance Program (SNAP) recipients	\$2,400
Temporary Assistance for Needy Families (TANF) recipients	\$2,400
Long-Term Family Assistance recipients who are members of a family that has received TANF benefits for at least 18 consecutive months	\$9,000
Supplemental Security Income recipients	\$2,400
Vocational rehabilitation referrals	\$2,400
Ex-felons	\$2,400
Designated community residents	\$2,400
Summer Youth program participants who are 16 to 17 years old, work between May 1 and September 15, and live in a designated community area	\$1,200

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Why Aren't You Claiming the WOTC?

Often businesses aren't aware of the tax-saving opportunities they're missing through the WOTC. This unknowing may be due to the program's existence eluding them; not realizing they have already hired qualifying individuals within the broad spectrum of target groups; or mistakenly perceiving that the efforts of participation will outweigh the benefits.

However, a little bit of energy could yield lots of extra savings on tax liabilities.

How the WOTC Benefits Businesses

It's quite simple: the more WOTC-qualified employees a business hires, the more money they gain in tax credits. Some companies have garnered millions of dollars in savings.

Also, businesses located in states that allow "piggyback" credits can further compound their returns. Several states present additional tax-saving opportunities to capture hiring credits for which businesses may apply at the same time as the WOTC. Some also offer additional training program assistance and incentives.

Though a few industries tend to hire a larger number of WOTC-approved employees than others, *no business should assume its new-hires do not qualify.*

1. Congressional Research Service, The Work Opportunity Tax Credit, September 2018

THE WOTC AT WORK



**NATIONAL
HOSPITALITY CO.**

9,743

ANNUAL HIRES

\$1,968,086

ANNUAL BENEFIT

\$201/HIRE

AVERAGE CREDIT



**MID-SIZE
STAFFING AGENCY**

4,538

ANNUAL HIRES

\$662,551

ANNUAL BENEFIT

\$146/HIRE

AVERAGE CREDIT

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Three Factors That Determine Your WOTC Earned Credit

① Compliance Rate

Are you effectively screening all employees to determine qualification? A less than 90% compliance rate suggests room for improvement in screening.

② Qualification Rate

This rate reveals the number of WOTC-eligible candidates. Adopting a user-friendly screening process with appropriate and intelligible questions that elicit the most accurate results. Adequately trained HR personnel will also work to boost percentages.

③ Certification Rate

Companies must file with their state employment agency within 28 days after a new employee begins work. Ensuring all required documents are filled out sufficiently and submitted on time maximizes certifications.

You have the power to control your compliance, qualification, and certification rates. If your metrics don't meet 90% compliance, 30-35% qualification, and 50% certification, with an average of at least \$150 per hire credit, you need CTI working for you.

DID YOU KNOW...



+90%

MINIMUM TARGET
COMPLIANCE RATE



User-friendly
screening will boost
qualification rates.



\$150-\$200

AVERAGE WOTC CREDIT PER
TOTAL ANNUAL HIRES

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How CTI Can Help Your Credits Multiply

With our elite team of tax professionals and integrative software, CTI can help you elevate your rate percentages and secure your maximum credit capacity. Below are just a few of the benefits CTI delivers:

- ✓ Simple, user-friendly applicant surveys
- ✓ Multiple screening methods to increase response rates
- ✓ Integrated on-boarding with HRIS, ATS, and payroll systems
- ✓ Dedicated project manager to monitor and promote gains in all related WOTC credits
- ✓ Online client portal to easily and quickly view captured credits
- ✓ Real-time reports online for screening and credit earning management
- ✓ Industry benchmarking and analysis for optimizing your program
- ✓ WOTC-related training for hiring managers and other HR personnel
- ✓ In-house software built to optimize WOTC returns
- ✓ Compliance upkeep performed behind the scenes
- ✓ Support for gathering documentation required by state filing agencies
- ✓ Comprehensive, personalized services

ESTIMATED ANNUAL WOTC CREDITS / 5000 HIRES



HOSPITALITY
\$1.04M



HEALTHCARE
\$800K



REST. & FOOD
\$720K



STAFFING
\$640K

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The WOTC Made Easy

No longer must companies feel discouraged by the seemingly tedious administrative tasks and complex requirements associated with WOTC participation. New technology in tandem with professional tax guidance — such as CTI — can power you towards maximum credit quantities and a bounty of returned revenue.

Are you interested in learning more about the federal Work Opportunity Tax Credit program and discovering your tax-saving potential?

Contact a CTI tax consultancy specialist today at 866-444-4880.



“ We have been pleasantly surprised at the substantial dollar-for-dollar credits that CTI has captured. There is no effort on our part, we just reap the benefits. It is so easy and simple a process with CTI. It’s a no-brainer not to do it. ”

ROBERT SEAWRIGHT, PRESIDENT & CEO, RCR STAR MANAGEMENT



Powering the Success of Your Business

CTI is a tax incentives specialty firm that partners with businesses and their CPAs to secure greater tax credits with our proven project methodology and unparalleled personalized service. Since 2001, our elite tax professionals have proactively engaged clients to deliver unmatched value with transparency and efficiency through secure in-house software, comprehensive audit-ready deliverables, and 24x7 access to real-time dashboards. Partner with CTI, tax consultancy experts passionate about maximizing credits and incentives for powering the success of your business.

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