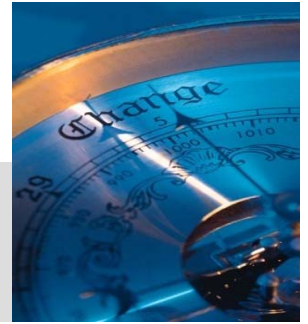


# SERVICE BULLETIN



## Now is a Good Time to Revisit the Work Opportunity Tax Credit (“WOTC”) Program

*TO:* T&T Clients  
*FROM:* Kris Thorngren  
*RE:* Work Opportunity Tax Credit (“WOTC”) Program  
*DATE:* April 21, 2009

At a time when businesses are searching for every opportunity to save money, the WOTC program deserves renewed focus. The program is more rewarding now than ever, because two new targeted groups were added in February. The American Recovery and Reinvestment Act of 2009 added new categories for “unemployed veterans” and “disconnected youth.” In general, unemployed veterans or disconnected youths who begin work for an employer during 2009 or 2010 qualify as being in a targeted group if they are certified by the appropriate agency.

The WOTC program offers a substantial federal income tax credit to employers for hiring individuals from “targeted groups.” The tax credit is generally forty percent (40%) of first-year wages, up to a maximum credit of \$2,400 per qualified new-hire. There is no limit to the number of qualifiers and no limit to the potential total credits. Employers that cannot use all available tax credits for a given tax year may carry the credits forward fifteen years. You retain control of all hiring decisions.

The U.S. Department of Labor has oversight of the administration of WOTC, and the Department is now getting geared up to make determinations on requests for certification relating to the two new targeted groups. Our sources anticipate that the necessary revisions to documents and procedures will be done by May, so that employers can begin claiming the tax credits relating to the two new categories.

Because of the difficult economic times and the staggering loss of jobs during the past twelve months, we expect that an increasing number of job applicants will qualify as being in a targeted group during the months ahead. In addition to the two new targeted groups, the following groups already qualify:

- (1) Certain individuals who are members of families receiving Temporary Assistance for Needy Families (“TANF”).
- (2) Certain veterans who are disabled or who are members of families receiving food stamps.
- (3) Certain ex-felons.
- (4) Certain individuals who reside in an empowerment zone, renewal community, or rural renewal county.
- (5) Certain individuals who have a physical or mental handicap and who are referred by a rehabilitation agency.
- (6) Certain individuals who are 16 but not yet 18 (“summer youth” category).
- (7) Certain food stamp recipients who are 18 but not yet 40 years of age.
- (8) Certain individuals who receive supplementary security income (“SSI”).
- (9) Certain individuals who have received long-term family assistance.
- (10) Certain individuals who were impacted by Hurricane Katrina.

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SERVICE BULLETIN

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**...continued**

The way to maximize your WOTC credits is to put into place some simple procedures to ensure that all new hires are screened for eligibility by the date a job offer is made, and that all requests for certification are completed and submitted within twenty-eight days from the first day of work. Our company has been assisting employers for years in maximizing their WOTC credits. Feel free to contact Jim Thomas ([jthomas@ttnash.com](mailto:jthomas@ttnash.com)), Les White ([white@ttnash.com](mailto:white@ttnash.com)), or Alexis Plaener ([aplaener@ttnash.com](mailto:aplaener@ttnash.com)) if you are interested in further information.

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