

What is WOTC?

The Work Opportunity Tax Credit (WOTC) is a federal program available to employers large and small. Enacted in 1996, this program was created to encourage the hiring of targeted groups of workers who historically struggled to find employment.

Organizations and companies in industries such as manufacturing, distribution, food service, staffing and other businesses which rely on an hourly wage workforce are well suited to benefit from this tax credit.

The credit represents a permanent reduction in income tax and directly reduces a business's effective tax rate. There is no limit to the amount of credit available through the program as a whole or to a single employer.

Why Now?

A big change occurred in 2012 when electronic signatures were accepted on IRS forms. This enabled the innovation of electronic screening and notification of eligible employees within a short time. This credit can now be a part of the hiring decision-making process.

Credit Calculation

25% of wages after 120 hours worked

40% of wages after 400 hours worked

Target Group	Max Credit
Veteran – unemployed or disabled	\$2,400 - \$9,600
SNAP (food stamp) Recipient	\$2,400
Temporary Assistance to Needy Families	\$2,400 - \$9,000
Designated Community Resident	\$2,400
Summer Youth	\$1,200
Vocational Rehabilitation Referral	\$2,400
Ex-felon	\$2,400
Supplemental Security Income (SSI) Recipient	\$2,400

Process for Capturing Credit

