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NW Montana

## **Business Expansion And Retention – BEAR**

Profits Hiding In Plain Sight  
Michael Jackson

Local business owners, managers, and HR professionals – if you have hired an employee within the past 18 months – this article is a MUST read. If you intend to hire new employees in the future, you will benefit by understanding WOTC.

What is WOTC? Work Opportunity Tax Credit is a federal tax incentive designed to encourage employers to hire and train a wide range of qualified individuals. Businesses are allowed, and encouraged, to file for a generous Tax Credit for providing employment to workers that are representative certain targeted groups such as:

- **Veterans**
  - Receiving SNAP (food stamps)
  - Disabled / discharged within the past 12 months
  - Unemployed / discharged within the past 12 months
- **TANF / SNAP Recipient**
- **Vocational Rehabilitation Referral**
- **Designated Community Resident**
- **Ex-Felon**
- **SSI Recipient**
- **Summer Youth Employee**

What are the benefits to the employer? In addition to potentially hiring a deserving and grateful individual, the Tax Credits range from \$1,200 - \$9,600 if the employee works at least 400 Hours. The Credits vary from \$750 to \$6,000 if they work 120 to 400 hours.

As a reminder, this is not a deduction but rather a federal Tax CREDIT. If, for example, you hire a Disabled Veteran that has been unemployed for 6 months, you may be qualified to reduce your tax payment / liability by **\$9,600**. That is **\$9,600** savings to your business as a thank you for allowing one deserving veteran an opportunity to participate in the workforce. If you hire more than one individual, you are entitled to additional Credits! You may also carry over credits to future years if you do not have large enough tax liability during current year.

## Your WOTC Opportunity!

- Capture missing Tax Credits from January 1, 2015 to May 31, 2016
- Earn up to \$9,600 per eligible employee
- Establish an applicant screening solution to maximize your ongoing WOTC

Generally employers have 28 days after the hire date to file for the Tax Credit. However, congress re-authorized WOTC in December 2015 – and to my best understanding of the new legislation – they are allowing employers to file for Tax Credits for those qualified applicants hired between January 1, 2015 and May 31, 2016. I encourage you to review your most recently hired employees and review your options with your accountant or financial advisor.

Going forward from May 31, 2016, you will once again have 28 days from hire date to file IRS Form 8850. You may contact your local Job Service for more information and to discuss your hiring needs and opportunities. Montana has a WOTC web site with a link to the forms and contact information for the State WOTC representative -- <http://wsd.dli.mt.gov/employers/wotc/wotc>

If you have ever been unemployed or resorted to accepting some assistance to provide for the family, you likely understand. If you have ever gotten into a little trouble over a bad decision you wish you could take back, you know how this affects your life. All of our BEAR partners have dozens of great success stories of businesses that have hired and accommodated those with disabilities and others recognized in the WOTC program. And, for sure don't forget to 'hire a vet'. The employer wins, the new hired employee receives a big win --- and for lack of any better word, for everyone it is one big Win-Win.

Check it out – Work Opportunity Tax Credit.

Michael Jackson  
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