

Work Opportunity Tax Credit (WOTC)

<http://www.irs.gov/Businesses/Small-Businesses-%26-Self-Employed/Expanded-Work-Opportunity-Tax-Credit-Available-for-Hiring-Qualified-Veterans>

Why Use the WOTC?

You bring to a prospective employer a real financial benefit. WOTC is a special tax credit available to employers for hiring ex-felons. Hiring you means the business will pay less in taxes to the IRS. This happens when you get hired within one year of your release date. So every time you apply for a job, tell the employer how you can save them money. It may get you the job!

Here are a few facts about the **WOTC** tax credit:

- ▶ Employer can save as much as \$2,400 in taxes.
- ▶ Applies only to your first year with the employer.
- ▶ You must work at least 120 hours for the employer to begin to receive credit.
- ▶ The more you work and earn, the more likely the employer will earn the full \$2,400 credit.

Which Companies Can Benefit?

The **WOTC** tax credit is available to any size business, from small organizations to national corporations. The credit is also available for any type of job. The work can be full-time, part-time, temporary, or seasonal. However, you must be hired as an employee.

EXCEPTIONS:

- ▶ Not for self-employment or independent contractor work.
- ▶ Not for an employer you worked for in the past, no matter how long ago.
- ▶ Not for a business owned by a close relative.
- ▶ Not for you if you own a majority of the business.

Is WOTC a One-Shot Deal?

NO! There is no limit to the number of employers who can take advantage of the tax credit as long as they hire you **within the first year** following your conviction or release date.

Examples when employers can claim **WOTC** credit:

- ▶ You find a full-time job and then get a second job working part-time.
- ▶ You leave a job for a better or different job.
- ▶ You are let go by one company and get hired by a different company.
- ▶ You work for a temp agency and then get hired by the company where you were placed.

All of these employers can claim the tax credit if you are hired within that one-year time period.

Do All Companies Know About WOTC?

No, many do not. This is especially true for small and medium-sized businesses. Many of them don't know about this tax credit at all, and some think it's too complicated. This is your chance to tell them how valuable **WOTC** can be to their business and how easy it is to apply.

When you apply for jobs, the **WOTC** credit will not guarantee you will get hired. A tax credit will not help the employer if you can't present yourself as someone who can add value to the company. Employers look for people who have the skills, ability, and motivation to enhance the company culture, profits and mission...despite their background. The **WOTC** credit becomes the "icing on the cake" for an employer who hires you.

Suggestions for Including WOTC on your application and in your resume:

There are a variety of ways to inform employers about these two programs. For the **WOTC**, you might do any of the following:

- ▶ Print “**WOTC Eligible**” at the top of the application form. This just might catch the employer’s attention and prompt them to talk with you about this opportunity.
- ▶ If the application asks if you have been convicted of a felony, also print **WOTC Eligible** in that space.
- ▶ Print **WOTC Eligible** on your resume or include it in your resume cover letter.
- ▶ At the end of a job interview, let the interviewer know how the organization can save money on their federal taxes if they hire you.
- ▶ Mention that WOTC tax savings can help offset the high costs of hiring and training new workers.
- ▶ Present **WOTC** as a bonus they get for hiring you.

Be Prepared! Go into the interview with this important information:

- ▶ Know how much an employer can save on taxes
- ▶ Know how to apply for the credit (have the two application forms with you).
- ▶ Have the mailing address and website URL.

Consider **Federal Bonding** and the **WOTC** credit as your “partners” to help you get interviews and job offers! Offer this information to every employer you contact.

Where to get More Information

For the **WOTC**, visit the website: <http://www.irs.gov/Businesses/Small-Businesses-%26-Self-Employed/Expanded-Work-Opportunity-Tax-Credit-Available-for-Hiring-Qualified-Veterans>

Work Opportunity Tax Credit

Individuals: 1-800-829-1040

Businesses: 1-800-829-4933