

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

(CAA)—continues the WOTC for a five-year period.

Ken Berry, JD • Sep. 08, 2022



Does your small business need extra staff as it heads into its busy holiday season? It can be hard to find top-quality job candidates, but you may derive tax benefits if you hire workers from one of several “target groups.” Specifically, the tax law provides a Work Opportunity Tax Credit (WOTC) for employing qualified workers.

Traditionally, the WOTC expires and is revived by Congress at the end of the year, sometimes retroactively, as part of a list of “tax extenders.” Usually, the reinstatement lasts only for a year or two. But the latest extension—approved as part of the Consolidated Appropriations Act (CAA)—continues the WOTC for a five-year period.

This tax credit is now scheduled to remain in effect through 2025, barring any further

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

and it can go even higher in some cases. For example, for a military veteran with a service-related disability, the credit is available for the first \$24,000 of wages, for a maximum of \$9,600 per qualified worker.

Note that there is no limit on the number of workers eligible for the credit. Therefore, if your company employs ten workers with each one eligible for a maximum \$2,400 credit, the total amount of its credit is \$24,000—a hefty sum.

The current list of target groups has shifted only slightly over the last decade. Currently, it includes the following.

- Qualified IV-A Temporary Assistance for Needy Families (TANF) recipients;
- Qualified veterans (including disabled veterans);
- Ex-felons;
- Designated Community Residents (DCRs);
- Vocational rehabilitation referrals;
- Supplemental Nutrition Assistance Program (SNAP) recipients;
- Supplemental Security Income (SSI) recipients;
- Long-term family assistance recipients; and
- Qualified long-term unemployment recipients.

Finally, there is yet another special category of workers eligible for the WOTC.

In the summertime: Your business may also qualify for a credit during the summer for hiring youths aged 16 or 17 who reside in an empowerment zone or enterprise community. This credit is equal to 40% for the first \$3,000 of wages paid between May 1 and September 15 only, up to a maximum of \$1,200 per qualified worker.

Caution: Regardless of the amount, the credit isn't automatic. Your business must follow a strict certification process to benefit from the WOTC. Seek assistance from your professional advisors.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us