



Wort Opportunity Tax Credit

Hiring Incentives have been a part of our country's infrastructure since the early 1940's. At that time most Hiring Incentives were focused on Veterans returning to work after periods of service. This continued to be the main focus for Hiring Incentives until the 1970's and 1980's when the focus was expanded to include Ex Felons, and Welfare Recipients.

There was a dramatic shift and expansion to Hiring Incentives in the late 1990's throughout the 2000's which opened the door for "Job Creation" as the focus for Hiring Incentives. As a part of this change the Work Opportunity Tax Credit (WOTC) was created in 1996 and has been modified, extended and consolidated with existing Hiring Incentives repeatedly since.

WOTC allows employers to claim a credit against their federal income tax liabilities for qualified employees. WOTC can also be used to offset AMT (Alternative Minimum Tax). Employers generally can earn a tax credit equal to 25% or 40% of a new employee's first-year wages, up to the maximum for the target group to which the employee belongs. Employers will earn 25% if the employee works at least 120 hours and 40% if the employee works at least 400 hours.

The average benefit per employee is \$2,400.00 and can be as much as \$9600.00. That means potentially 10 qualified employees could yield a federal income tax credit between \$24K – \$96K. Additionally, WOTC credits may be carried back one year and carried forward 20 years.

Historically the steps necessary to qualify for the WOTC have been time consuming and burdensome. GMG Savings has made substantial investments in a proprietary technology process that relieves the employer of 90% of this burden by automating most of the steps involved in prescreening and certifying candidates before hiring as well as streamlining the submission of required documentation to State and Federal agencies.

The GMG online Client portal allows for a simple interface that any size company can take advantage of to avoid the paperwork, tracking, and submission headache that come with managing the WOTC program on their own.