



EMPLOYER TAX CREDIT

GUIDE

By

MCM | **MCKENZIE CHASE**
MANAGEMENT

CELEBRATING OVER 35 YEARS OF TAX CREDIT CONSULTING AND SUPPORT SERVICES



2

Employer Tax Credit Discovery

Discover Mckenzie Chase Management

- Experts in Employer Tax Incentives for over 30 years.
- Programs available in 50 States for Federal, State and Local incentives.
- A Client Service culture that provides support for your staff from hiring-to-filing.
- Customized Reporting to help monitor your program, your way.
- Recommended by companies you know and trust.
- Proven effective in YOUR industry.
- Satisfaction guaranteed.



Discover More....

A Brief History of WOTC

3

Government Tax Credit Incentives for Businesses

The Work Opportunity Tax Credit program (WOTC) was introduced on October 1, 1996 to provide tax incentives for employers who hire individuals from specific target groups. People from these target groups have been identified by the U.S. government as having historically high unemployment rates. Through WOTC, employers can earn a tax credit per qualified employee; these tax credits can be applied to employers' income taxes, reducing the amount they owe the IRS.

Tax credit incentives have been found to be effective in Europe, and studies have found that targeted tax credits are an effective incentive to hire people from different backgrounds. WOTC has also encouraged better employee retention, keeping more people active in the workforce.

Mckenzie Chase Management's history is rooted in the WOTC program, drawing on 30 years of experience with employer tax incentives to provide clients with exceptional support for their newly hired staff. MCM helps clients utilize federal, state, and local tax incentive programs available in all fifty states.





Work Opportunity Tax Credits: The 13 Target Groups

New hires from three main demographics can qualify the employer for a federal income tax credit. These demographics are:

- (1) Veterans who are disabled or who have been unemployed.
- (2) Residents of federal empowerment zones.
- (3) Recipients of federal assistance.

These three demographics can be broken down into a total of 13 target groups, each with their own qualifications.

The potential tax credit an employer can earn per new hire ranges from \$2,400 to \$9,600. From 2010 to 2012, around 1 million WOTC certificates were awarded for qualified new hires, resulting in a total of over \$1 billion offered in WOTC tax credits each year.

Veteran Tax Credits VOW to Hire Heroes

Hire our Returning Heroes and Wounded Warriors

5

In 2013 the American Tax Payer Relief Act merged the Vow to Hire Heroes legislation with the WOTC program to extend eligibility to veterans. This entitles employers to WOTC credits for hiring veterans who fall under any one of these three target groups:

- (1) Disabled veterans who are entitled to compensation for a service-connected disability.
- (2) Veterans who are members of a family that received foodstamps at any time.
- (3) Unemployed Veterans who have been unemployed for at least 4 weeks or 6 months.





6

New Tax Credit: Long-term Unemployed

New Tax Credits for Hiring the Long-term Unemployed

Since the great recession, those not participating in the workforce make up over 40% of working-age adults. This means that many new hires are likely to qualify for the WOTC's new long-term unemployed target group.

To qualify for this target group, a new hire must have been unemployed for a period of at least 27 weeks (over 6 months) and must have received unemployment benefits at any time prior to being hired by the employer.



CREDITS FOR HIRING INDIVIDUALS ON ENTITLEMENTS

The largest WOTC demographic consists of individuals who have relied on government assistance programs, including the following:

- Those whose families receive SNAP (formerly called food stamps) benefits.
- Those whose families receive TANF (Temporary Assistance to Needy Families) benefits.
- Individuals receiving SSI (Supplemental Security Income) under Social Security.
- Individuals receiving training under the "Ticket to Work" program.

Credits available to employers in this demographic will vary based on category, ranging from \$2,400 to \$9,000.

Tax Credits: Empowerment Zone

Address-Based Incentives for Economic Development

Empowerment Zone tax incentives provide benefits for employers who hire residents living in economically distressed zones. This is intended to encourage businesses to expand and stimulate job growth in these areas. These incentives include hiring credits, a 0% tax on capital gains, increased tax deductions on equipment, and accelerated property depreciation, providing a total of approximately \$11 billion in business development incentives.

The most popular Empowerment Zone tax incentive is the WOTC hiring credit, which is aptly named the Empowerment Zone Wage Credit. For each qualified new hire, a business may receive up to \$3,000 in federal income tax credits.



Tax Credits: Indian Employment



Savings Based on Address

The intent of the Indian Employment Credit is to give businesses located on Indian reservations added incentives to hire local tribal members.

A qualified employee is:

- A tribe member or family member of a tribe member.
- Someone who lives on or near a federally recognized Indian reservation.

A qualified business is:

- Located on a federally recognized Indian reservation.
- Not a casino or a business that operates on casino property.

Definitions for Tax Credit Purposes:

The definition of an Indian tribe was originally based on the Federal Register dated July 12, 2002 (67 FR 46328) for the Indian Employment Credit. The most recent listing of federally recognized Indian tribes may be found on the Bureau of Indian Affairs website at <http://www.bia.gov>.



Tax Credits: State & Local Tax Incentives

Which State and Local Tax Credits Are Worth Pursuing?

One of the ways states attract new employers and encourage hiring within their state is through state and local tax (SALT) incentive legislation. States across the nation have a combined total of nearly 2,000 active programs in place, creating a significant pool of state and local hiring credits and incentives.

The goal of these programs is primarily to promote economic development, encouraging hiring and investment in targeted communities. MCM recommends investigating states' SALT incentives when your company is deciding where to relocate.

Ex-Offenders

Employers with work suitable for ex-offenders may be entitled to a tax credit of up to \$2400 per qualified employee under WOTC. McKenzie Chase Management will not only screen potential new hires for eligibility and secure required documentation, but in many cases can match interested employers with local labor pools and resources.





Every One Wins

MCM TAX CREDITS OFFER 4 WINNING BENEFITS:

WIN #1 FOR BUSINESSES

- ➔ Businesses can earn up to \$9600 in tax credits per qualified new hire.

WIN #2 FOR THE GOVERNMENT

- ➔ The government receives five dollars for every one dollar in tax credits.

WIN #3 FOR THE ECONOMY

- ➔ Helping people to get jobs helps boost the economy.

WIN #4 FOR THE COMMUNITY

- ➔ Families and businesses receive the support they need.

ARE YOU LEAVING MONEY ON THE TABLE?

- ➔ Let's make you and your business big winners.





You Are Entitled

**ARE YOU TIRED OF EXPERTS TELLING YOU HOW
TO SAVE MONEY BUT NOT HOW TO GET IT DONE?**



DONE FOR YOU

Mckenzie Chase's tax credit program is the only tax credit service that includes:

- A free online tax credit system
- Immediate access to experts
- Customized reports
- Live staff training
- An unconditional guarantee that you will pay nothing if you do not capture a tax credit, even if we input thousands of tax credit applications on your behalf MCM's experienced team of on-call tax credit experts does it all for you. There's nothing else like it.

NO RISK

MCM's Fees are purely contingency-based, so Mckenzie Chase will not expect a fee for services if you do not receive any tax credit results. There are no start-up costs or hidden expenses, which means that MCM is compensated entirely on your favorable results.

TRUST

It's not always about the money; for our clients it's mostly about the service. You may not have heard of us before, but I'm sure you're familiar with one or more of our clients. You're welcome to request our testimonial booklet to learn more about who we already serve.

SERVICE

If you want to STOP leaving money on the table, then...

CALL toll-free: (866) 547-8277

or **Email: taxcredits@mckenziechase.com**

