

Tax Credit Chronicle

“Read About How Tax Credits Are Created, Captured and Sustained”



President, Mike Lancey, MBA, EA

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Welcome to MCM's Tax Credit Chronicle Issue #1

For 37 years Mckenzie Chase Management has provided tax credit services that started in the Pacific Northwest and spread across the nation. Here we will chronicle how tax credits are created captured and sustained as well as keep you informed about what's new in tax credits.

LEGISLATIVE UPDATE

Much To Do for the US Congress

“The only difference between death and taxes is that death doesn't get worse every time Congress meets.”

Will Rogers

Will Rogers would be happy. Congress is now in recess. When it returns, there is much that will need to be done. This is an important year for WOTC and there are many positive developments but, if we can mix aphorisms, it ain't over till the fat lady sings. While cable news is full of discord between the parties, there is important work on policy taking place beyond the headlines. We all know that this is a reauthorization year for WOTC, and momentum continues to grow. This program has never had greater levels of support in both parties and chambers. In addition to WOTC there are a large number other tax credits under review.

What's happening now?

After the installation of the new Congress with so many new members in the House and especially on the Ways and Means Committee, it took a little time for the new members to get up to speed on tax policy and the role that tax credits play. Finally, in June the Committee voted to advance the tax extenders bill that would extend expired and expiring credits through 2020, including WOTC. (cont'd p.2)

Utah Man Thinks the Laws Don't Apply to Him

For two decades Judge Paul Parker tried working with Dennis Kay Iverson, a man from Utah who owed back taxes, when the Judge finally had enough and issued a bench warrant for Iverson's arrest. Ten days later Iverson was taken into custody.

Iverson owes the state of Utah \$25,062 in back taxes, interest and penalties. He represented himself in court and argued that the tax laws were not applicable to him. Judge Parker sentenced Iverson to seven 1-15 year terms and six 0-5 year terms on 13 counts of felony tax evasion. The terms will run concurrently, which means he will serve all of the sentences at the same time. At his sentencing, Iverson told Judge Parker, “This is an emergency war powers court and I order you to release me. I will accept no form of punishment.”

U.S. Dept of Labor Proposes Rule to Modernize the H-2A Program

From the DOL posting in WASHINGTON, DC –
 “Furthering the agenda to help America’s farmers, the U.S. Department of Labor posted an online Notice of Proposed Rulemaking (NPRM) on July 17th of this year to solicit public comment on proposed changes to improve the H-2A temporary agricultural labor certification program. These proposed changes would modernize the Department’s H-2A regulations in a way that is responsive to stakeholder concerns and enhances employer access to a legal source of agricultural labor, while maintaining the program’s protections for the U.S. workforce and enhancing enforcement against fraud and abuse.

The NPRM includes several major proposals that would streamline and simplify the H-2A application process, strengthen protections for U.S. and foreign workers, and ease unnecessary burdens on employers. For example, the NPRM would streamline the H-2A application process by mandating electronic filing of job orders and applications, promoting the use of digital signatures, and providing employers with the option of staggering the entry of H-2A workers on a single application.”

The comment period ends on September 24, 2019.

Get a copy of the NPRM at <https://www.foreignlaborcert.doleta.gov/> dated July 26, ‘19

Legislative update continued

Meanwhile, Senate Committee on Finance Chair Chuck Grassley (R – IA) and ranking member Ron Wyden (D – OR) set up five new task forces to review the expired or expiring tax credits and a sixth one to address disaster relief. The task forces have been collecting data and holding hearings. We are waiting for their reports. The purpose of the credits is to promote business decisions and consumer behavior that accomplishes a public good, but that only works if businesses and consumers can count on their being in force. These task forces might be able to provide some more clarity for a wide range of tax credits.

There are more than forty expired or expiring tax credits under review. These so-called extenders include a wide variety of credits from wind energy and clean biodiesel to mortgage insurance premium deductions to work credits like the Indian Employment Credit and Empowerment Zones. While there are constituencies for every tax credit, the task forces are charged with deciding which tax breaks have accomplished their purpose and are no longer needed, and which tax breaks have ongoing value and need to be continued, or even made permanent. **We have every reason to believe that WOTC will be one of the credits that is recommended to be reauthorized. Whether the renewal is for some short period of a year or two, for a longer time period, or made permanent will be determined by how costs and “pay fors” are allocated.**

What happens next?

After the summer recess, we expect to hear the results of task forces’ work. The House legislation is the beginning point for negotiation and big challenges remain. These tax credits are never passed as a “stand alone” bill, and this time, too, it looks like they will be part of a larger negotiation about the budget or another legislative vehicle. Democrats would like to increase the Earned Income Tax Credit (EITC) as part of the deal. Then the question becomes how or whether to pay for the credits. What we are hearing is that this may not be resolved until very late in the year.

Another typical year in the 23 year history of WOTC. Stay tuned for further developments.

*Article Written by: Dr. David Burgess,
 Government Relations Manager,
 Mckenzie Chase Management*



Thank you!

Thanks to YOU, the word is spreading. Thanks to our clients and friends who graciously referred MCM to their colleagues, suppliers, clients and friends last month! We enjoy building our business based on the positive comments and referrals from people just like you.

We just couldn’t do it without you!

Pizzerias, LLC Ordered to Pay Fines and Train HR for Immigration-related Discrimination*

Pizzerias LLC, a restaurant franchisee with dozens of locations in Miami, Florida was slammed with \$140,000 in fines and an order to train Human Resources personnel on labor compliance for deficient documentation of new hires and other human resource practices.

This Pizza chain has joined the unhappy ranks of regional companies like Nebraska Beef and nationally known brands like Abercrombie & Fitch and Asplundh incurring stiff fines and penalties, even though they have robust Human Resource departments.

Did you know that Mckenzie Chase is more than a tax credit company? Our software, FastrackOnboard, can mitigate exposure to compliance risk. Besides minimizing exposure to government fines and penalties and legal fees, *FastrackOnboard* can provide 21st Century solutions to even small companies at 20th Century prices. Better still, *Fastrack* offers foolproof compliance with all federal and state regulations, requires no special training for your HR staff and is easy for applicants to use. *FastrackOnboard* is software that transitions companies from paper processing and storage of internal company and government forms to a secure cloud-based electronic completion, sign-off and storage of this data.

FastrackOnboard is fast, easy, reliable and also affordable. MCM clients, new clients, and newsletter readers that use the WOTC online module can try *FastrackOnboard* for the first 90 days for free! As Ben Franklin said, "An ounce of prevention is worth a pound of cure."

Call Mike Lancey at (888) 288-9506, email mlancey@mckenziechase.com or visit FastrackOnboard.com.



Your Tax Credit Questions Answered Here...

Question: *I see, in the legislative update, that the WOTC is in the process of renewal. Will there be any change to the WOTC program if it is not renewed by December 31, 2019?*

Answer: There will be no change to WOTC program operations if the program is not renewed by the U.S. Congress before the end of 2019. This happens so frequently this time period has a name: it's called "hiatus." During hiatus the WOTC operates the same as during the authorized time periods. In fact, in future newsletters we'll talk about the advantages of participating in the WOTC program during a hiatus.

Question: *We're looking at going paperless and have seen many demonstrations of large (and expensive) employee onboarding systems created by software companies, insurance companies, and even our payroll company. How is it that Mckenzie Chase Management, a tax credit company, has developed an onboard system in a category dominated by large companies and heavily funded start-ups? I mean, we love you guys but is your software really any good?*

Answer: Let us start our response to this frank and friendly question by explaining a few important items.

First, for WOTC only, we can make you paperless as soon as you want through MCM's WOTC Online system at no cost! **Secondly**, MCM has a quality and low cost employee onboarding system through our sister company, *FastrackOnboard*. **HOW did we get involved in developing online software systems?** MCM developed the *FastrackOnboard* employee onboard system incrementally by fulfilling the requests of clients extremely satisfied with MCM's WOTC Online system. Our management team, and developers, added feature after feature to build on the tax credit software to the level of a fully featured employee onboarding system. It has recruiting, hiring, electronic signatures, document management, I-9 second signature capability, and an excellent communications module. In addition, we have great partners who excel in payroll and employee benefits who can integrate into *FastrackOnboard*. Whether it is just Mckenzie Chase WOTC or the larger issue of onboarding, we have a solution. **Feel free to reach out to us.**

Are You MCM's Next Client of the Month?

For every Tax Credit Chronicle issue we'll choose a very special *Client of the Month*. It's our way of acknowledging good friends and saying "thanks!" to those who supported MCM with referrals, word of mouth and active participation in your tax credit program.

This month's client of the Month is Mitch A. in Tucson AZ. He's managed his MCM Program professionally; worked with MCM to integrate the WOTC into the hiring process, sent WOTC applications with zero arriving late, almost always the first (nationwide) to return his payroll request, he's using the updated materials, and Mitch is getting great tax credit results for his company through all his efforts.

Thanks to You, Mitch! That's why you're our Client of the Month!

You might be MCM's next *Client of the Month* too! Watch for your name here in an upcoming month.

Tax Joke of the Month

A taxpayer received a strongly worded “second notice” that his taxes were overdue. Hastening to the collector’s office, he paid his bill, saying apologetically that he had overlooked the first notice. “Oh”, confided the collector with a smile, “we don’t send out first notices. We have found that the second notices are more effective.”

Thank you for the Kind Words...

“The staff at McKenzie Chase is friendly and makes the whole process very easy. They are completely dependable and are a pleasure to work with.”... Maggie

I’d Like to Hear From You!

If you have a tax credit, local incentive, or labor compliance issue, or just want to refer a friend, colleague or client, we’d love to hear from you. We’ll send an information package and then set up a brief consultation:
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HR Feature: Mckenzie Chase Partner Interview

This Partner Interview is with Diane Keefe, Director of Business Development For BENESTREAM, INC., A valued McKenzie Chase Partner

Diane is being interviewed by Mike Lancey, President of Mckenzie Chase Management.

Mike: Diane, tell us about BeneStream and why you partner with Mckenzie Chase.

Diane: *BeneStream helps companies who have entry level employees just like Mckenzie Chase does. But instead of helping companies get tax credits, we screen and enroll qualified employees in free or low-cost government health insurance instead of taking a company plan. And of course we heard great things about the work that Mckenzie Chase does, which has been our experience to date. And just like Mckenzie Chase, we have performance based fees.*

Mike: Are there other similarities with Mckenzie Chase?

Diane: *Yes. Just like Mckenzie screens employees for WOTC eligibility and gets certifications, BeneStream screens for eligibility and does enrollments.*

Mike: You’re saying companies save money by not having to pay for a portion of health insurance?

Diane: *Exactly. But there is much more to it than that. Government studies show that a large number of the low income demographic that elect into company coverage do so because they plan on being heavy users. Just a few, or even just one claim by a heavy user could cost a company hundreds of thousands of dollars. If the company is self-insured, the money comes right out of the company account. If they are premium-based, the costs will affect their future experience rating.*

Mike: So who qualifies for this insurance?

Diane: *Employees who have a family income of 138% or less of the Federal poverty level can qualify. For a family of 4, this translates to about \$35,000 a year. But the larger the family, the higher the income threshold. In addition, families with much greater income - in some cases up to \$80-90,000 - can qualify for CHIP, a government insurance for dependent children. We can screen and enroll dependents in cases where the employee’s family income is too high for Medicaid. But this is an option for our clients. Some do and some don’t include CHIP in our services.*

Mike: If a Mckenzie Chase client or prospect wants more information what should they do?

Diane: *Mike, I suggest that they email or call you at Mckenzie Chase. You can then set up an exploratory call with either me or our Strategic Alliance Manager.*

An important consideration is that Mckenzie Chase has modified web-based screening and paper-based screening to include both WOTC and Medicaid for any clients who are interested.

Mike: Before you go, tell us something about yourself?

Diane: *Sure. I’m a Wellesley Graduate with an MBA in Finance from Columbia. I cut my sales and business development teeth on trading floors at Dillon Reed, Oppenheimer, Swiss Bank and UBS. I really loved the BeneStream business model of helping companies and their employees, and joined the company just after it was founded in 2011.*

