



# *WOTC Frequently Asked Questions:*

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## *WOTC Questions:*

*What are the WOTC Target Groups?*

- 1. Qualified Veteran.*
- 2. Long-term TANF Recipient.*
- 3. Short-term TANF Recipient.*
- 4. Supplemental Nutrition Assistance Program (SNAP) Recipient.*
- 5. Designated Community Resident.*
- 6. Vocational Rehabilitation Referral.*
- 7. Ex-Felon.*
- 8. SSI Recipient.*
- 9. Long-Term Unemployment Recipient.*



# *WOTC Questions:*

## *How are the Tax Credits Calculated?*

*CMS Responds: The Work Opportunity Tax Credit is 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. Typically 10-15% of new hires may be eligible, and the average tax credit is \$2,400 based on 400 hours.*



## ***WOTC Questions:***

***What is considered start date. date actually started work or date hired?***

***CMS Responds: The “start date” from a WOTC perspective is the date the employee actually started working for paid compensation. This does not include any days spent doing any unpaid work or training.***



## ***WOTC Questions:***

***Can a non profit participate?***

***CMS Responds: Yes, but in a more limited scope. Nonprofits are only eligible under the Qualified Veteran category.***

***According to the IRS:***

***Qualified tax-exempt organizations described in IRC Section 501(c) and exempt from taxation under IRC Section 501(a), may claim the credit for qualified veterans who begin work on or after December 31, 2014, and before January 1, 2020.***



## **WOTC Questions:**

***I have a new hire who would have qualified, and it is after 28 days, can I release them and re-hire to meet the 28 day rule?***

***CMS Says: The Work Opportunity Tax Credit program is an incentive for employers to hire new employees from the target groups. Unfortunately, if you terminate the employee, and then later rehire them, they would no longer be eligible as a rehire. This is why it's critical for employers to be aware of the 28-day rule, which requires employers, or a service provider like CMS, to submit qualified applicants to the state workforce agency within 28-days of the employee's start date.***



## *WOTC Questions:*

*Can I still get a partial credit if the employee only worked for a few weeks?*

*CMS Responds: It all depends on how many hours the employee worked for you. If a qualified employee worked full time for you for three weeks, they would reach the minimum number of hours 120 so you would be eligible for a partial WOTC credit of 25% of up to \$6,000 in wages or \$1,500. If the employee works less than 120 hours, you would not be able to use the credit.*



## ***WOTC Questions:***

***Can the WOTC be applicable for part-time employees? Those working less than 30 hours per week?***

***CMS Responds: Part-time employees are definitely eligible. The only difference is that it may take them slightly longer than a full-time employee to reach either the minimum amount of hours required to qualify (120) or the maximum (400). A full-time employee working 40 hours per week would reach the 120-hour target after 3 weeks of full-time employment, whereas someone working 30 hours per week would take 4 weeks.***





## *WOTC Questions:*

*What is the benefit to the employee?*

*CMS Responds: The actual WOTC credit is only given to the employer as an incentive for hiring someone who may have faced barriers to becoming employed such as individuals on SNAP (food stamps), TANF, ex-felons, the long-term unemployed, and Veterans. There are nine target groups.*



## **WOTC Questions:**

***Do I have to fill out the forms? (new hire question)***

***CMS Responds: The Work Opportunity Tax Credit program is an incentive for employers to hire new employees from targeted groups of employees. New hires may be asked to complete the WOTC questionnaire as part of their onboarding paperwork, or even as part of the employment application. It is voluntary on the new hire's perspective, an employer cannot require you to complete the forms. If you have questions or concerns about providing the requested information, please ask your HR department.***

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## *WOTC Questions:*

**What is a Conditional Certification from the State Workforce Agency?**

*CMS Responds: The first question on the IRS Form 8850 is “Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.”*

*Some states refer to employment agencies as State Workforce Agencies (SWA), while others refer to them as State Employment Agencies. When a SWA determines that a job-ready applicant is, **TENTATIVELY ELIGIBLE** as a member of a WOTC target group, it uses the DOL Form 9062, to show that eligibility pre-determination was made for the individual. The Conditional Certification alerts prospective employers to the availability of the tax credit if this individual is hired.*

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# *WOTC Questions:*

*Can WOTC Apply to My Seasonal Hires?*

*CMS Responds: Definitely. Make sure you include the WOTC survey with your standard new hire paperwork (paper or online). Seasonal hires still have to work a minimum amount of 120 hours to obtain the Work Opportunity Tax Credit.*



## ***WOTC Questions:***

***Why Should I Use a Service Like Yours When I Can Do It Myself?***

***CMS Responds: While WOTC is something you can do yourself, there are several reasons employers large and small use our WOTC administration services. To summarize we aim to reduce the administrative burden on your staff, maximizes your tax credits, help maintain compliance, and make it easy to implement. We can get you up and running today!***



# *WOTC Questions:*

*Who is CMS, and what do you do?*

*CMS Responds: We're an experienced team based in Farmington, CT, and we help thousands of employers in the United States save money with the Work Opportunity Tax Credit. We offer three ways to submit the WOTC forms to us (online – most efficient and cost effective, call center, or paper). If you are using our service, we submit to the local State Workforce Agency on your behalf. We then track the hours and wages of your qualified employees to make sure you get the maximum tax credit.*

*We do all the work for you.*

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# *WOTC Questions:* *How Can I Get Started?*

*CMS Responds: Call us today at 800-517-9099 to speak  
to a WOTC Expert.*

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