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Tax Intelligence

Work Opportunity Tax Credit Best Practices

Situation

The corporate tax burden is rising. Indeed, now more than ever, it is vital that employers capitalize on all available opportunities to reduce their federal income tax liability. The Work Opportunity Tax Credit (WOTC) is a federal tax credit program that is available to all employers of the 50 United States, Puerto Rico, and the U.S. Virgin Islands. It provides a tax credit - up to \$9,000 per new hire over two years - to any employer who hires individuals who fall into one of several WOTC "target groups". Maximizing available WOTC incentives can be accomplished by adhering to certain "best practices" to ensure the greatest value from the program.

Solution

Recently, TALX convened a WOTC Best Practices panel with representatives from several national organizations. The panel consisted of six experienced professionals from Human Resources, Tax, Recruitment, and Government Relations departments sharing their insights about how to maximize the WOTC program.

The panel discussed several topics important to maximizing WOTC:

- Implementing effective screening methods for the WOTC program that take into account corporate culture and executive goals.
 - **Online** – Each new hire is screened via online questionnaire. The results are immediately captured. Ideal for firms that already make use of online onboarding services, or in workplaces where a computer or kiosk is readily available at every hiring location.
 - **IVR** – New hires are directed to phone into a call center that automatically screens the employee and determines potential qualification. Best for firms who want immediate feedback on screening compliance but lack network infrastructure in hiring locations.
 - **Paper** – New hires fill out paperwork manually and the company mails those forms in for a qualification determination after the fact. Suited for workplaces that already process all hiring and onboarding with hand filled forms.
- Incorporating WOTC Key Performance Indicators (KPI's) into the company culture for better compliance. These KPI's include
 - **Screening compliance** – What percentage of new hires are actually screened
 - **Form compliance** – Of those new hires that show a possible qualification, what percentage of their paperwork is actually sent to the state for certification
 - **Certification Rate** – Of all forms sent to the state for certification, what percentage results in an actual certification
- Managing WOTC using online reporting, and acting on KPI's.
- Working closely with internal colleagues, departments, and stakeholders to achieve desired WOTC results.
- Effectively partnering with a WOTC consultant to ensure maximum value.

The panel concluded the session by summarizing key points:

- Incorporate WOTC screening that best fits your company for ease and efficiency for management and processing.
- Measure/Incorporate WOTC KPI's into corporate and field reporting and business intelligence to ensure compliance and accountability.
- Leverage your WOTC consultant to manage and maximize performance metrics.
- Be the unifier – WOTC attains the greatest results through the successful interaction of HR, tax, and executive management.
- Clearly communicate WOTC wins and gains to internal stakeholders.

Value

TALX has a dedicated team of experts with experience in providing WOTC and related tax credit and incentive services. For a copy of the eSeminar slides and/or access to the eSeminar playback, please contact Pete Krieshok at 314-214-7325 or via email at pkrieshok@talx.com. You can also visit our corporate blog at <http://blog.talx.com>.