

Update: September 2011

## Tax Intelligence – The American Jobs Act and WOTC

### Situation

On September 8, 2011, President Obama introduced The American Jobs Act; a broad-reaching proposal for extensive spending and tax cut measures aimed at trying to hasten the country's exit from the current recession. Notably, some of the measures proposed can actually be considered extensions or expansions of current incentives available under the Work Opportunity Tax Credit (WOTC).

Section 201 of the bill proposes the "Returning Heroes" and the "Wounded Warrior" hiring tax credits for veterans. This would provide tax credits from \$5,600 to \$9,600 to encourage the hiring of unemployed veterans, and up to \$9,600 for hiring unemployed workers with service-connected disabilities who have been looking for a job for more than six months. Further, Section 351 of the bill proposes a category for long term unemployed workers. The bill defines "long term unemployed worker" to mean any individual who was not a student for at least 6 months during the 1-year period ending on the hiring date and is certified as having aggregate periods of unemployment which equal or exceed 6 months.

Additionally, each proposed category provides enhancements to the WOTC program to benefit tax exempt organizations, as well as ease the certification process and administrative burden of the State Workforce Agencies who certify eligibility for those eligible for WOTC.

While the American Jobs Act is completely separate from H.R. 2082 (Work Opportunity Credit Improvements Act), and this Act will be introduced in the Senate while H.R. 2082 traverses the House of Representatives, it is encouraging and noteworthy that there are now two possible avenues for the extension of WOTC travelling the path to law. Indeed, when the Government enacts such legislation it is far easier to leverage the existing framework and precedent for the regulation and administration thereof. As both H.R. 2082 and, at least in part, The American Jobs Act, both rely on the current WOTC infrastructure, WOTC is now an imperative for the implementation of these important incentive programs.

### Solution

WOTC encourages employers - large and small - to hire individuals who face barriers to employment, and provides a tax benefit to the employer. While there have been positive developments in the effort to extend WOTC, nothing at this time is assured. However, to serve as the foundation for the hiring incentives delineated in The American Jobs Act, WOTC will need to be extended past its current expiration of December 31, 2011. TALX will be following the proposed legislation, including both H.R. 2082 and The American Jobs act, closely.

### Value

TALX has a dedicated team of experts with experience in all areas of federal, state and local taxation reviewing and monitoring new legislative developments to assist employers in capturing tax credit and incentive opportunities. If your company is interested in receiving more information on the proposed WOTC legislation, please contact Pete Krieshok at (314) 214-7325 or [pkrieshok@talx.com](mailto:pkrieshok@talx.com), or visit our corporate blog at <http://blog.talx.com>.