

WOTC TAX CREDIT CALCULATIONS

During the first year of employment, an employee must work a minimum of 120 hours in order for a customer to receive any tax credits. There are two thresholds for calculating tax credits: Baseline and Booster. The Baseline threshold represents the tax credits earned for certified employees who have worked between 120-400 hours. The Booster threshold represents the tax credits earned for certified employees who have worked 400+ hours. Both the Baseline and Booster thresholds have maximum earning potential for each WOTC category, ranging from \$750 - \$9,600, dependent on the number of hours worked.

Wages that qualify for WOTC Tax Credit Calculation

Wages include all of the money paid to an employee. To qualify:

$$\left[\begin{array}{l} \text{Baseline} = \text{First-Year Wages} \times 25\% \\ \text{Booster} = \text{First-Year Wages} \times 40\% \end{array} \right]$$

- Wages must be paid within the first year of employment unless otherwise noted,
- Wages that the employer pays Federal Unemployment Tax Act (FUTA) taxes, and
- Wages actually paid by the employer, not subsidized by another party.

The Federal Unemployment Tax Act (FUTA) requires covered employers to pay FUTA taxes on most employees' wages. Wages that count for FUTA taxes must be money paid to a worker who is considered a company employee, one who has filed a W-4 with the employer and is subject to payroll withholding taxes.

Tax Credit Category	Baseline Maximum	Booster Maximum
	120-400 hours	400+ Hours
Target Groups		
A Short-Term TANF Recipient	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
C Ex-Felon	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
D Designated Community Resident (DCR)	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
E Vocational Rehabilitation Referral	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
F Summer Youth Employee	Up to \$750 <small>25% of \$3,000 of first year wages</small>	Up to \$1,200 <small>40% of \$3,000 of first year wages</small>
G SNAP Recipient	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
H Supplemental Security Income (SSI) Recipient	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>
I Long-Term TANF Recipient	N/A	Up to \$9,000 <small>40% of \$10,000 of first year wages & 50% of \$10,000 of second year wages</small>
L Long-Term Unemployed	Up to \$1,500 <small>25% of \$6,000 of first year wages</small>	Up to \$2,400 <small>40% of \$6,000 of first year wages</small>

B Veteran			
SNAP Recipient	a	Up to \$1,500 25% of \$6,000 of first year wages	Up to \$2,400 40% of \$6,000 of first year wages
Wounded Warrior	b	Up to \$3,000 25% of \$12,000 of first year wages	Up to \$4,800 40% of \$12,000 of first year wages
	c	Up to \$6,000 25% of \$24,000 of first year wages	Up to \$9,600 40% of \$24,000 of first year wages
Returning Hero	d	Up to \$1,500 25% of \$6,000 of first year wages	Up to \$2,400 40% of \$6,000 of first year wages
	e	Up to \$3,500 40% of \$14,000 of first year wages	Up to \$5,600 40% of \$14,000 of first year wages