

Employer Incentives and Tax Credits

Texas Workforce Solutions, which is comprised of the Texas Workforce Commission (TWC) and the 28 local workforce boards, can help employers identify ways to benefit from tax savings and other incentives when hiring. Several state and federal programs are available which offer employers monetary incentives for hiring from select groups of qualified workers.

Texas Back to Work

Employers can offset the costs associated with hiring and training new workers through the new TWC initiative *Texas Back to Work*. This wage-subsidy program is funded by the Texas Legislature and administered through 28 Texas workforce boards. When employers hire from a qualified pool of unemployed Texas workers, employers may be eligible to receive up to \$2,000 to subsidize part of the wages paid to the newly hired worker. The monthly subsidies are provided for the first four months of employment. Local workforce business services representatives can help employers identify qualified job seekers and offer recruitment and prescreening of eligible applicants. A brochure with more information on *Texas Back to Work* is available on the TWC Web page at www.twc.state.tx.us/news/txback2work.pdf.

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal business income tax savings available to employers who hire from 12 select groups of eligible workers. This tax credit is administered by the U.S. Department of Labor for private, for-profit employers and can represent a direct savings to a business ranging from \$1,200 to \$9,000 per qualifying employee. WOTC serves as an incentive to select job candidates who may face barriers in their efforts to find employment. (Refer to the chart on next page for a list of target groups).

Within each target group there are specific requirements which must be met. Texas Workforce Commission (TWC) WOTC specialists verify whether newly hired workers meet the eligibility requirements for the tax credit and issue certifications to employers. Forms to apply for the credit are available on TWC's WOTC Web page and must be postmarked within 28 days of an employee's start date. For more information, access the WOTC Web page at www.twc.state.tx.us/svcs/wotc/wotc.html.

Savings Example

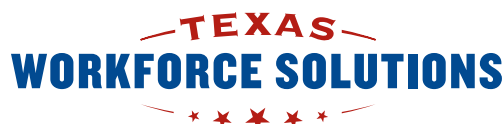
Hire an unemployed veteran*:

<i>Texas Back to Work</i> subsidy	\$2,000
WOTC	\$2,400
HIRE Act Tax Credit	\$1,000
Total Savings	\$5,400

*An unemployed veteran is one of many types of job seekers that would make the employer eligible for a combination of benefits.

HIRE Act Tax Benefits

Two federal tax benefits are available to employers who hire unemployed workers through the 2010 HIRE Act which offers Hiring Incentives to Restore Employment. A social security payroll tax exemption on wages paid between March 19 and December 31, 2010 can mean a savings of as much as \$6,622 per qualifying worker. The HIRE Act also provides for an income tax credit of either \$1,000 for each eligible employee hired after February 3, 2010, and retained for at least 52 consecutive weeks, or 6.2 percent of the wages paid over the 52-week period, whichever is less. While both of these incentives can be applied for each qualifying employee, the HIRE Act payroll tax exemptions cannot be used in combination with the Work Opportunity Tax Credit. For more information, access the Internal Revenue Service HIRE Act Questions and Answers for Employers Web page at www.irs.gov/businesses, then type HIRE Act in the search window.



Texas Workforce Commission
512-463-2222
www.texasworkforce.org

Combine benefits for more savings:

Texas Back to Work +HIRE Act Tax Credit + (either WOTC or HIRE Act Tax Exemption) =Employer Savings

Program	Eligible New Hires	Employer Benefit
<p align="center">Texas Back to Work</p> <p>A monthly wage subsidy available to private-sector employers for each qualified new hire.</p> <p>FOR MORE INFORMATION: Access <i>Texas Back to Work</i> online brochure: www.twc.state.tx.us/news/tback2work.pdf</p>	<p>Unemployed Texans—first-time unemployment benefits claimants or those who have exhausted all available benefits. Must have been earning less than \$15 per hour prior to being laid off.</p>	<p align="center">Up to \$2,000 in wage subsidies</p>

AND

Program	Eligible New Hires	Employer Benefit
<p align="center">HIRE Act Tax Credit</p> <p>A general business income tax credit to encourage the retention of new hires.</p> <p>FOR MORE INFORMATION: Access IRS Web Page: www.irs.gov/businesses Type “Hire Act” in the search box</p>	<p>Unemployed workers—those hired after February 3, 2010 and before January 1, 2011 who provide a signed affidavit stating that they have not been employed for more than 40 hours during the 60 days before being hired. New hires who replace employees terminated involuntarily do not qualify. Newly hired employees must have been retained for at least 52 consecutive weeks to be eligible.</p>	<p align="center">Up to \$1,000 or 6.2 percent of the employee’s wages over 52 weeks, whichever is less.</p> <p align="center">(Note: employee’s wages for the last 26 weeks of employment must be at least 80% of the wages for the first 26 weeks)</p>

AND EITHER

Program	Eligible New Hires	Employer Benefit
<p align="center">Work Opportunity Tax Credit (WOTC)</p> <p>Federal business income tax savings for each newly hired employee from targeted groups of job seekers hired by for-profit employers. Each qualifying population has specific requirements for WOTC eligibility in addition to those listed in the next column. Employers can apply and TWC will research and certify which new hires are eligible for the tax credit.</p> <p>FOR MORE INFORMATION: WOTC Web page: www.twc.state.tx.us/svcs/wotc/wotc.html TWC’s WOTC Line: (800) 695-6879</p>	<p>Up to \$1,200</p> <ul style="list-style-type: none"> • Summer youth <p>Up to \$2,400</p> <ul style="list-style-type: none"> • SNAP benefit recipients • Unemployed veterans • Veterans receiving SNAP benefits • TANF benefit recipients • Ex-felons • Residents of empowerment zones, renewal or rural renewal counties • Vocational rehabilitation referrals • Supplemental Security Income recipients • Disconnected youth <p>Up to \$4,800</p> <ul style="list-style-type: none"> • Disabled veterans <p>Up to \$9,000 over two years</p> <ul style="list-style-type: none"> • Long-term TANF recipients 	<p align="center">Between \$1,200 and \$9,000 per new hire</p>

OR

<p align="center">HIRE Act Tax Exemption</p> <p>Social Security payroll tax exemption available to all employers, including non-profits.</p> <p>FOR MORE INFORMATION: Access IRS Web Page: www.irs.gov/businesses Type Hire Act” in the search box</p>	<p>Unemployed workers—those hired after February 3, 2010 and before January 1, 2011 who provide a signed affidavit stating that they have not been employed for more than 40 hours for at least 60 days prior to being hired. New hires who replace employees terminated involuntarily do not qualify.</p>	<p align="center">Up to \$6,622 through Social Security payroll tax exemptions for new hires who do not exceed the \$106,800 Social Security wage base. This benefit is for 6.2 percent of the employee’s wages paid after March 18, 2010 and before January 1, 2011.</p>
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Texas Back to Work +HIRE Act Tax Credit + (either WOTC or HIRE Act Tax Exemption) =Employer Savings