

## How To Calculate The Credit

### WOTC is a Two-Tiered System Based on Retention:

#### Tier 1: Employee works 120 hours to 399 hours.

- Credit is equal to 25% of qualified first year wages.
- Qualified first year wages are capped at \$6,000.
- Maximum Credit: \$1,500
  - Applies to all WOTC target groups except the New Disabled Veteran Subgroup and Summer Youth.
  - Summer Youth wages are capped at \$3,000 with a Maximum Credit \$750.
  - See below for the New Disabled Veteran Subgroup.

#### Tier 2: Employee works 400 hours or more.

- Credit is equal to 40% of qualified first year wages.
- Qualified first year wages are capped at \$6,000.
- Maximum Credit: \$2,400
  - Applies to all WOTC targeted groups except the New Disabled Veteran Subgroup; Summer Youth; and LTFA.
  - Summer Youth wages are capped at \$3,000 with Maximum Credit \$1,200.
  - See below for the New Disabled Veteran Subgroup and Long-Term Family Assistance Recipient.

#### Tier 1: New Disabled Veteran Subgroup (works 120 hours to 399 hours.)

- Credit is equal to 25% of qualified first year wages.
- Qualified first year wages are capped at \$12,000.
- Maximum Credit: \$3,000

#### Tier 2: New Disabled Veteran Subgroup (works 400 hours or more.)

- Credit is equal to 40% of qualified first year wages.
- Qualified first year wages are capped at \$12,000.
- Maximum Credit: \$4,800

#### Long-Term Family Assistance Recipient

Maximum Credit over the 2 years is \$9,000 with a Retention period = 400 hours.

First Year Tax Credit: equal to 40% of qualified first year wages.

- Qualified first year wages are capped at \$10,000.
- Maximum Credit = \$4,000.

Second Year Tax Credit: equal to 50% of qualified second year wages.

- Qualified second year wages are capped at \$10,000.
- Maximum Credit = \$5,000.