

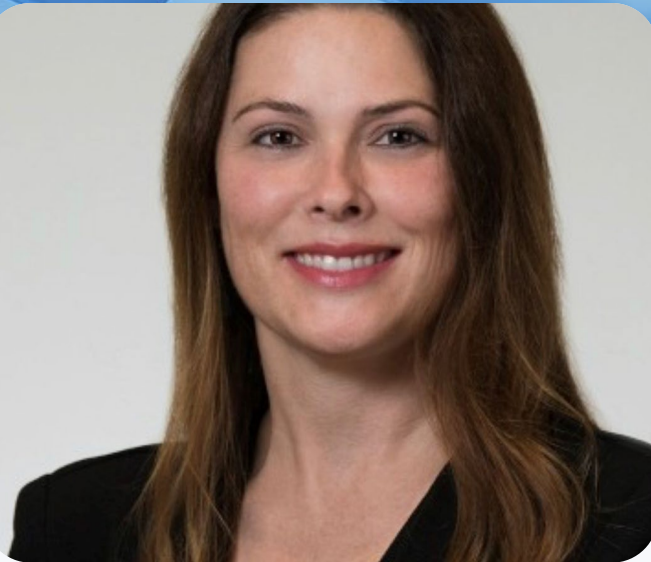


WOTC Qualifying Hires and Legislative News

October 15, 2025

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Today's Presenters



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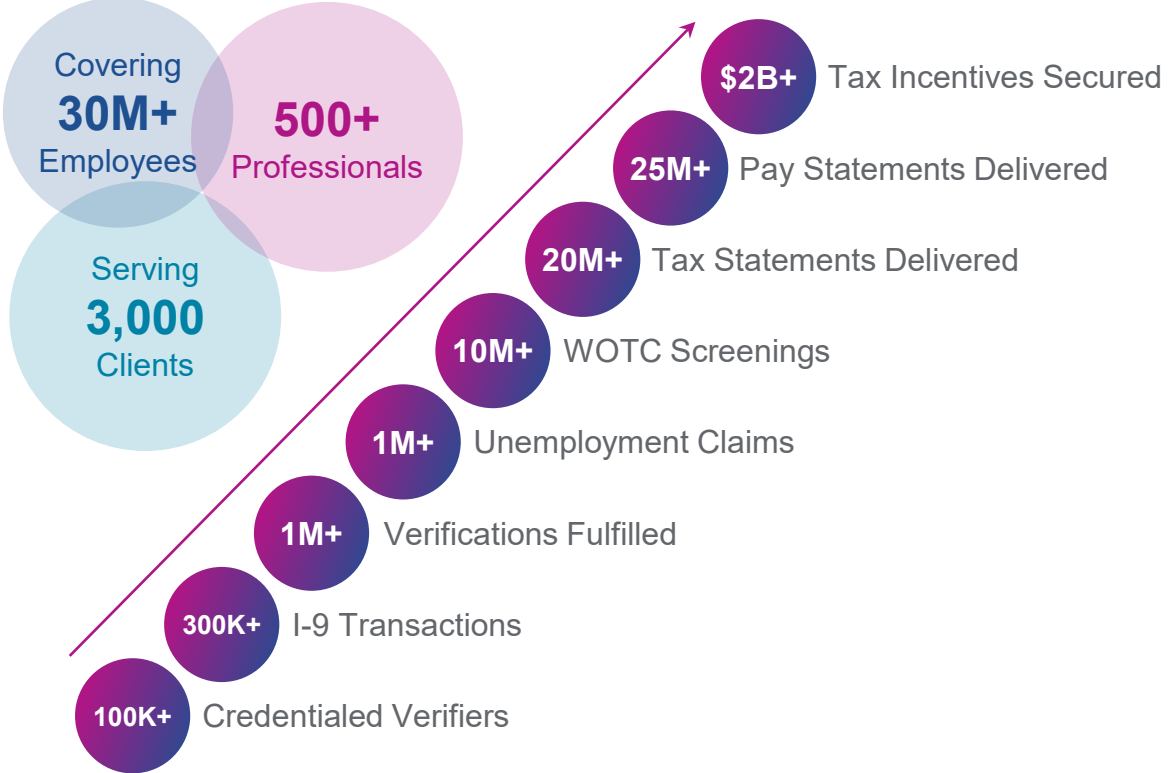


Industry Expertise

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Serve Employers, Serving Employees



Webinar Agenda

- 1 WOTC Overview**
- 2 Legislative Updates**
- 3 Essentials to Maximize Credit**
- 4 Key Takeaways**



Poll Question 1

Does your company pursue/participate in the WOTC program now?

- Yes
- No
- I'm not sure

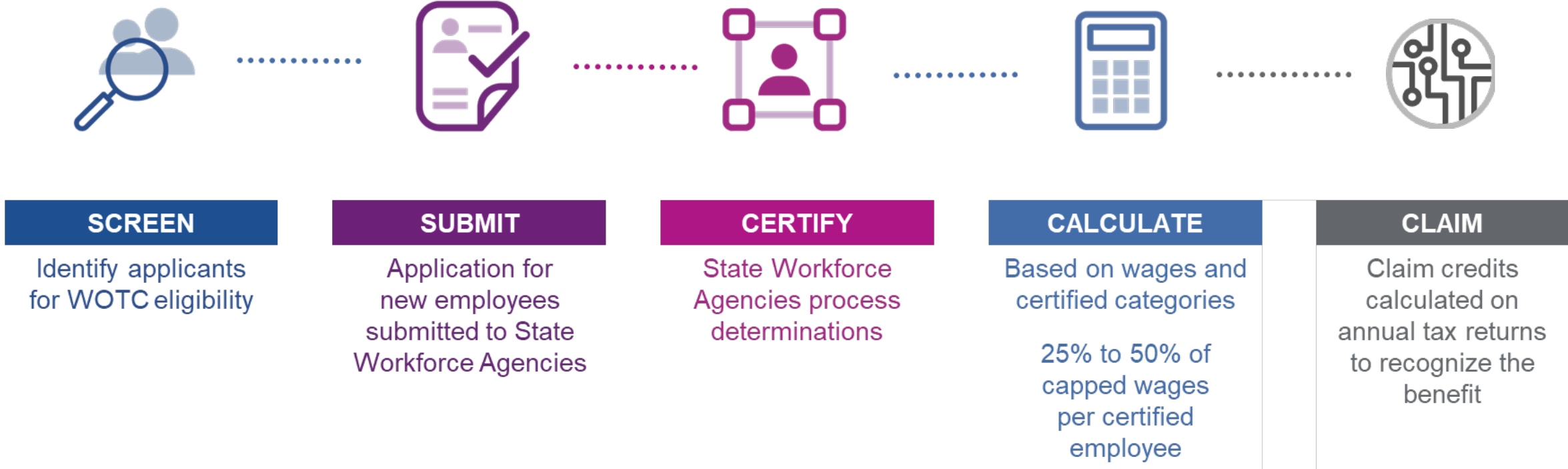


WOTC Overview

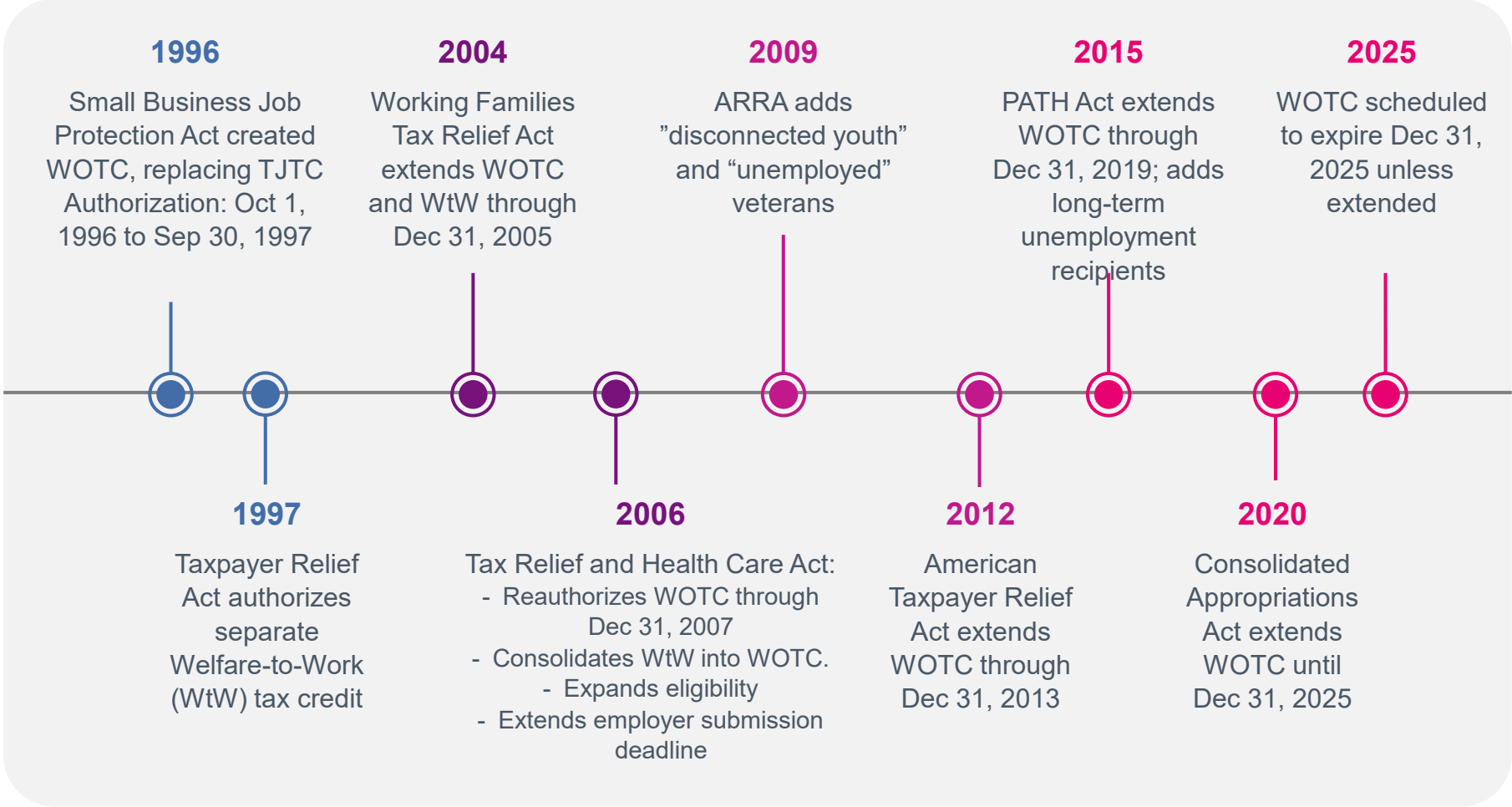


How Does WOTC Work?

The **Work Opportunity Tax Credit (WOTC)** is a federal tax credit employers may receive for hiring people from certain groups that have historically faced barriers to employment.



History of WOTC



- Since 1996 the program has had 13 extensions along with legislation in between to modify the specific target group eligibility
- Hiatus (periods between expiration and extension) have ranged from 3-18 months, but have generally always included retroactive coverage
- This makes continuing to screen and submit to state agencies valuable for credit continuity following a hiatus



WOTC Program Value

The amount of the credit is primarily dependent on two factors:

- Targeted group classification; and
- Length of employment during the respective tax year

Credit Accumulation

- 0 – 120 Hours: no credit
- 120 – 400 Hours: 25% of wages up to cap (first \$6K in wages)
- 400+ Hours: 40% of wages up to cap

WOTC Credit is used to offset federal tax liability

Carryforward and Carryback

Carryforward for 20 years

Carryback for 3 years

Target Group	Maximum Tax Credit
Veterans	\$2,400 - \$9,600
Long-term TANF Recipient	\$9,000 (over 2 years)
Short-Term TANF Recipient	\$2,400
SNAP (food stamp) Recipient	\$2,400
Designated Community Resident	\$2,400
Vocational Rehabilitation Referral	\$2,400
Ex-Felon	\$2,400
SSI Recipient	\$2,400
Long Term Unemployment	\$2,400
Veteran SNAP	\$2,400
Disabled Veteran	\$4,800
Disabled Veteran (LTU)	\$9,600
Veteran Unemployed	\$2,400
Veteran LTU	\$5,600



Common WOTC Myths

We don't hire candidates who are eligible

Participating in WOTC slows down hiring

Candidates are reluctant to answer these questions

Asking the WOTC questions before the job offer violates EEOC law

We're not hiring or we're slowing down hiring, so it doesn't make sense for our organization

WOTC expires so it's not worth setting up the program

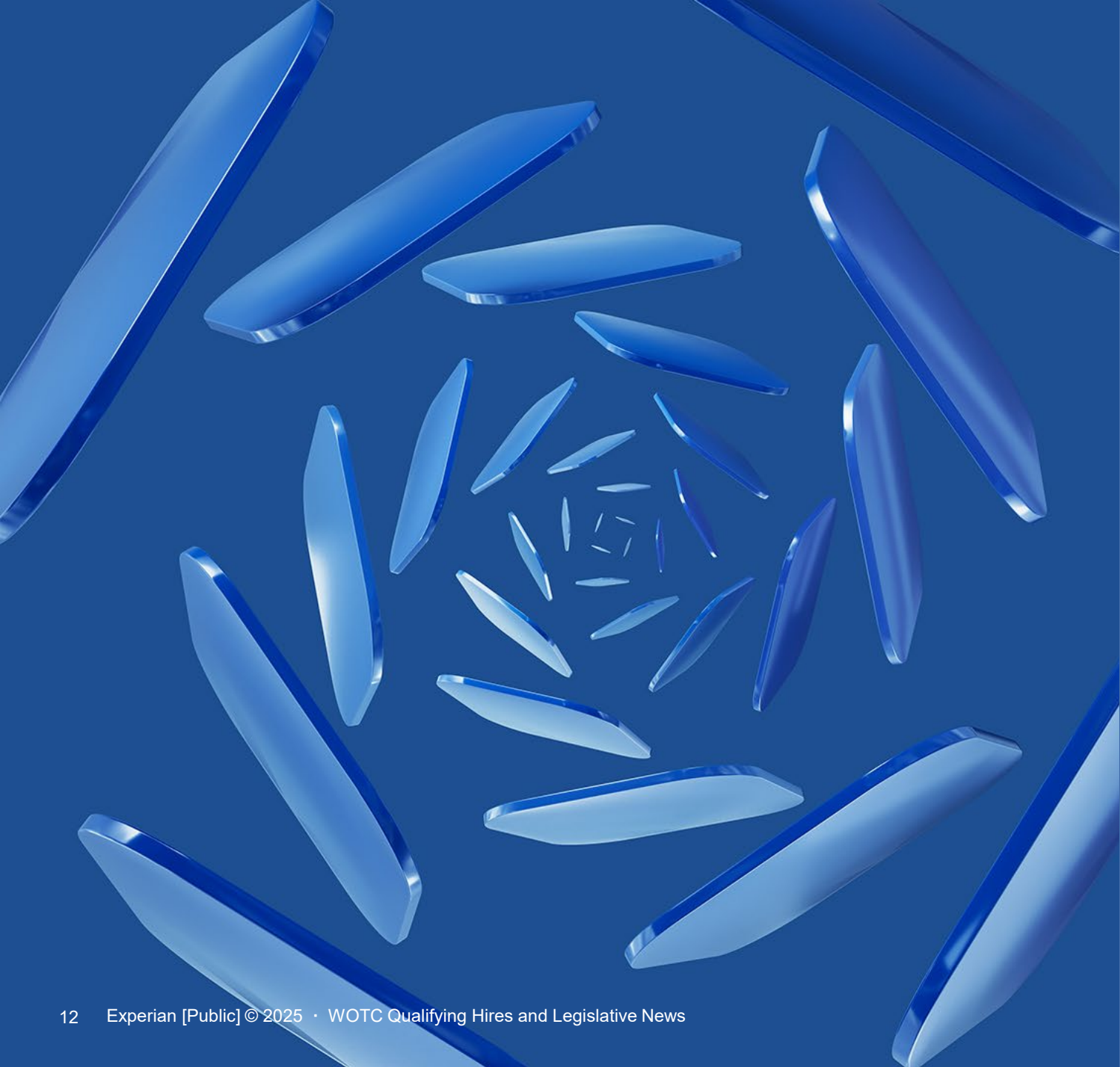


Poll Question 2

Does your company recruit for groups like veterans, second-chance hires, or people with disabilities?

- Yes, Veterans
- Yes, Second Chance
- Yes, People with Disabilities
- Yes, more than one of these
- No





Legislative Updates



Proposed Legislation

Improve and Enhance the WOTC Act (H.R. 1177/ S.492)

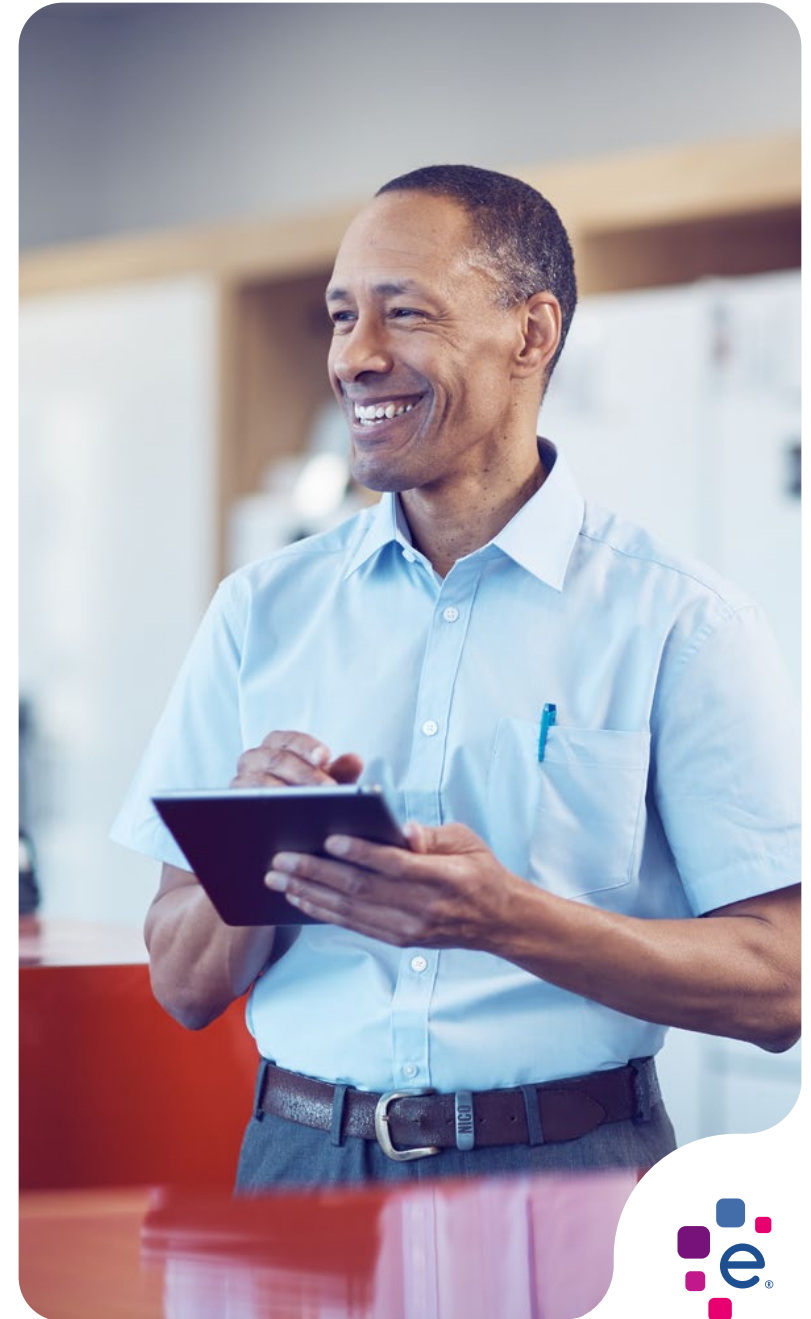
Goal: Modernize WOTC and expand incentives for employers to retain workers

Changes to Credit / Target Groups:

- Raises credit rate from 40% → 50% of qualified first-year wages; adds a **higher-hours tier** (≥400 hours) with a second wage cap
- Increases **veteran wage caps** significantly (e.g. \$12k / \$24k)
- Improves two-year credit for **long-term family assistance recipients**
- Removes the **age-40 limit for SNAP recipients**

Hire Dates Impacted: Applies to employees hired **after 12/31/2025**

Status: Introduced in both chambers (House & Senate)



Proposed Legislation

Helping to Encourage Real Opportunities (HERO) for Youth Act (H.R. 2507)

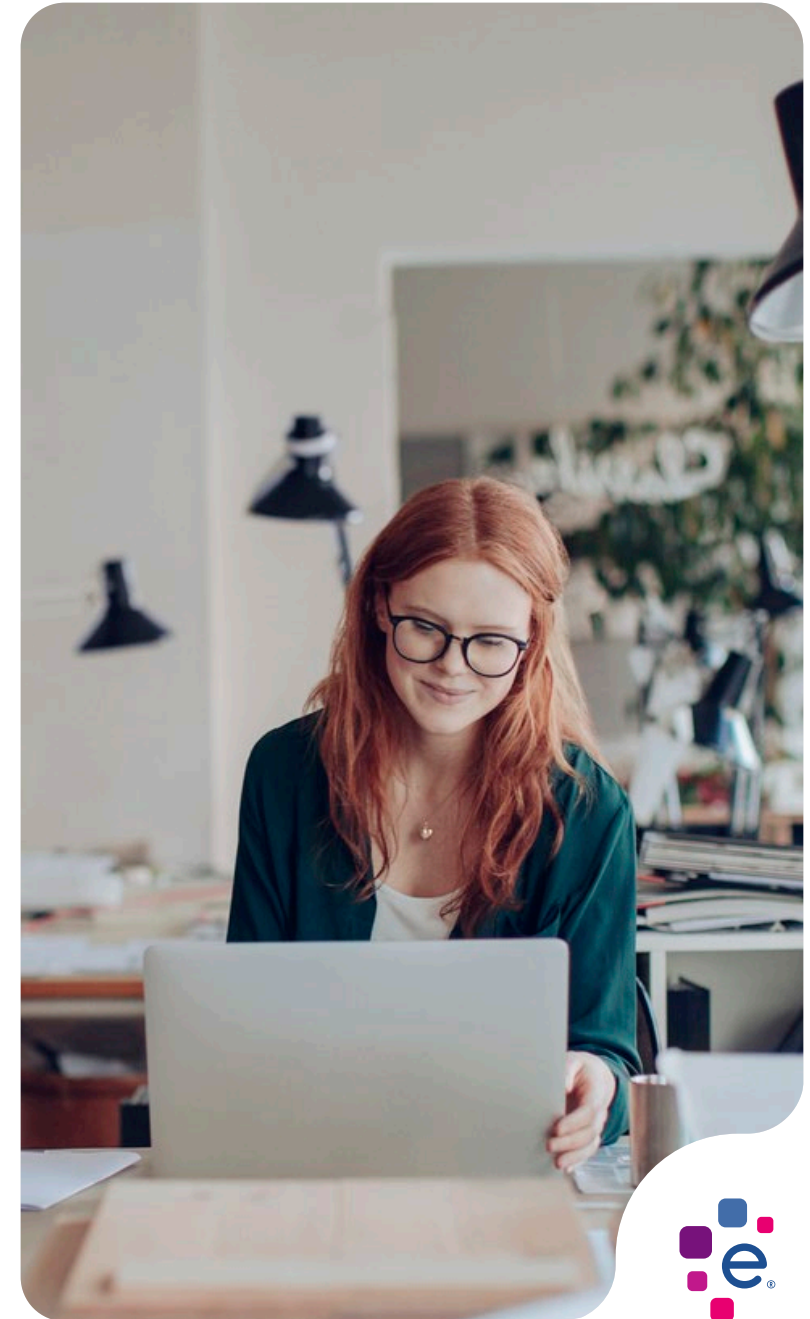
Goal: Strengthen and expand WOTC opportunities for youth employment

Changes to Credit / Target Groups:

- Expands “summer youth” to **year-round youth hires**, with ≤ 20 hrs/week during school attendance
- Creates a new “**Disconnected Youth**” target group (ages 16–24 not in school or employed in prior 6 months, or aged-out foster youth 16–20)

Hire Dates Impacted: Applies to individuals hired **after enactment**

Status: Introduced in House only



Proposed Legislation

Military Spouse Hiring Act (H.R. 2033 / S. 1027)

Goal: Address high unemployment among military spouses by creating a dedicated WOTC category

Changes to Credit / Target Groups: Adds “qualified military spouse” as a new WOTC target group

Hire Dates Impacted: Applies to individuals hired **after enactment**

Status: Bipartisan bills introduced in both House & Senate



Proposed Legislation

Renewal Bill Still Pending

- Additional reconciliation bill unlikely in the short term, but a tax bill is still possible
- **Some milestones impacting that likelihood and its timing:**
 - Continuing Resolution handling
 - End of year 2025 bipartisan tax extenders bill
 - Pre 2026 mid-terms
 - Lame Duck Session 2026
- History shows consistent bipartisan support & retroactive renewal — **clients need to stay engaged to avoid missed credits**; Screening now protects your ROI, even if legislation lag creates a temporary pause
- WOTC will continue to generate tax credits for eligible hires thru 12/31/25; This is a useful vehicle for offsetting Federal tax liability



Essentials to Maximizing Credits



What businesses should consider when implementing WOTC

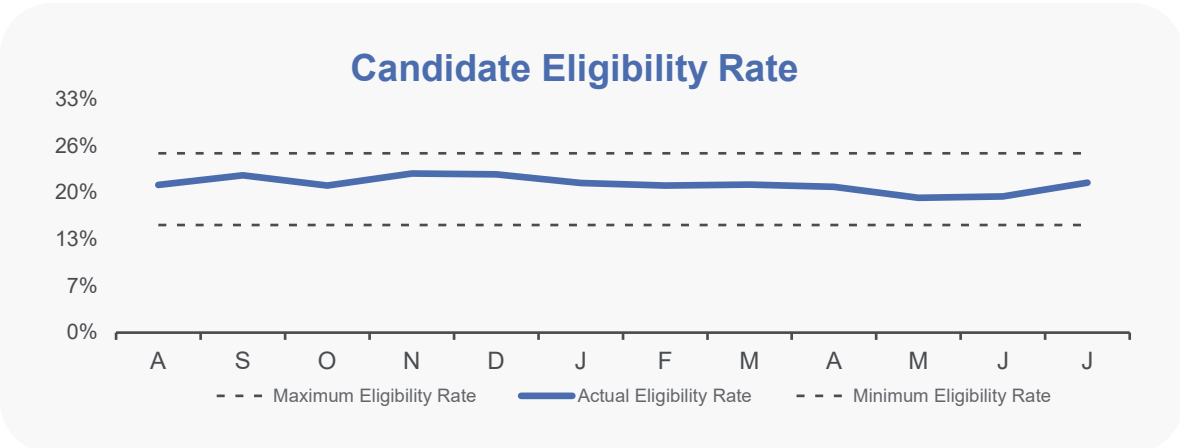
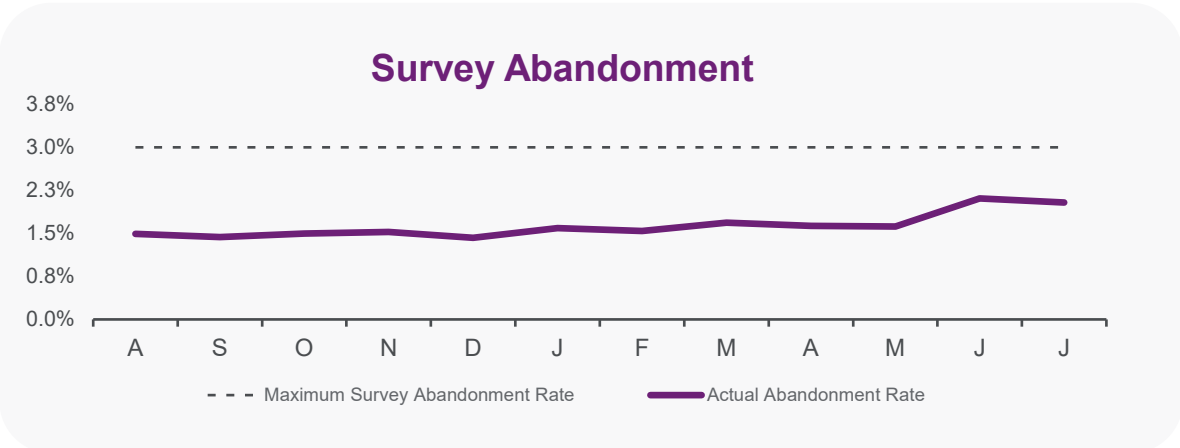
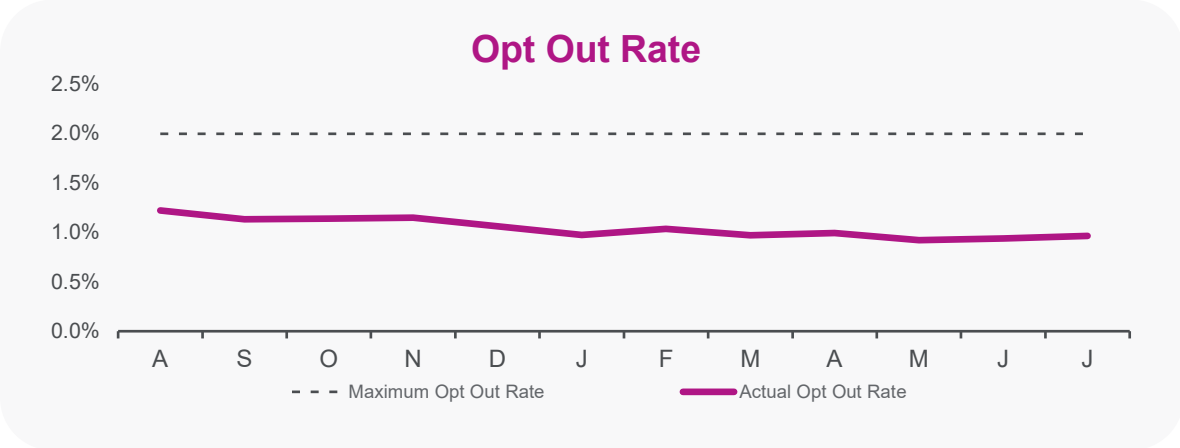
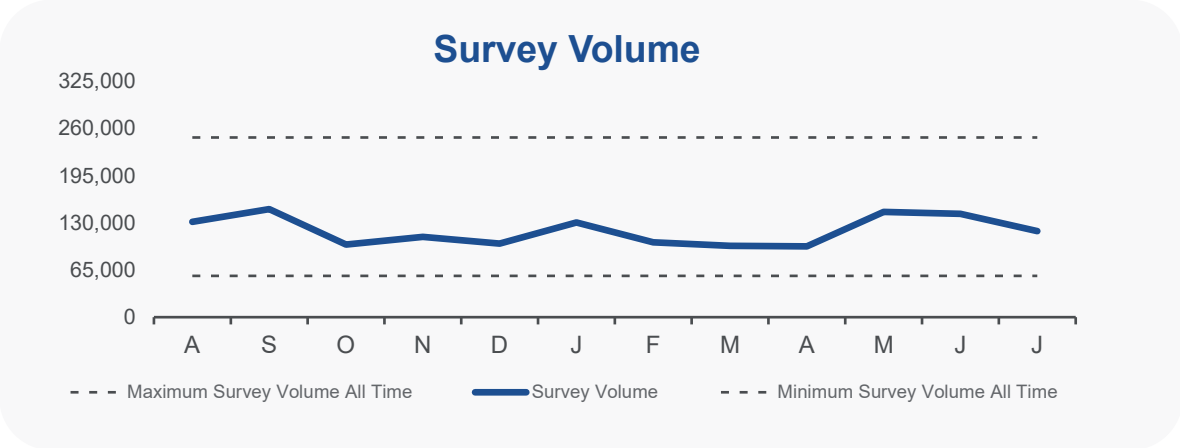
Survey style, length, and placement all play a key role in successful compliance

- WOTC question sets should be easy for candidates to understand
- Consideration for survey duration and number of screens candidates need to click through to complete
- Incorporating stepped logic keeps initial question set short and only asks for more information if candidate is potentially eligible
- Ensure candidate abandonment and opt-out rates are monitored
- Consider best practices of your organization in order to weave into your company's application process & hiring culture



Beyond the Survey

Leading indicators that are key to monitor for maximized credit performance



Poll Question 3

Where do you project your hiring volume to be for 2026?

- Greater than 2025
- Less than 2025
- About the same as 2025
- Unsure



Looking beyond WOTC

HR and Tax teams can partner to explore all tax credit opportunities:

Additional Targeted Hiring Tax Credits (federal and state)

- “Piggyback” tax credits that follow WOTC, i.e., NY Youth, Maryland WOTC, etc
- Federal Empowerment Zone (EZ)

Economic & Workforce Development Incentives

- Job creation tax credits including Georgia, South Carolina, Tennessee
- Investment tax credits including Connecticut, Idaho, New York, New Jersey
- Paid Family and Medical Leave
- Military leave

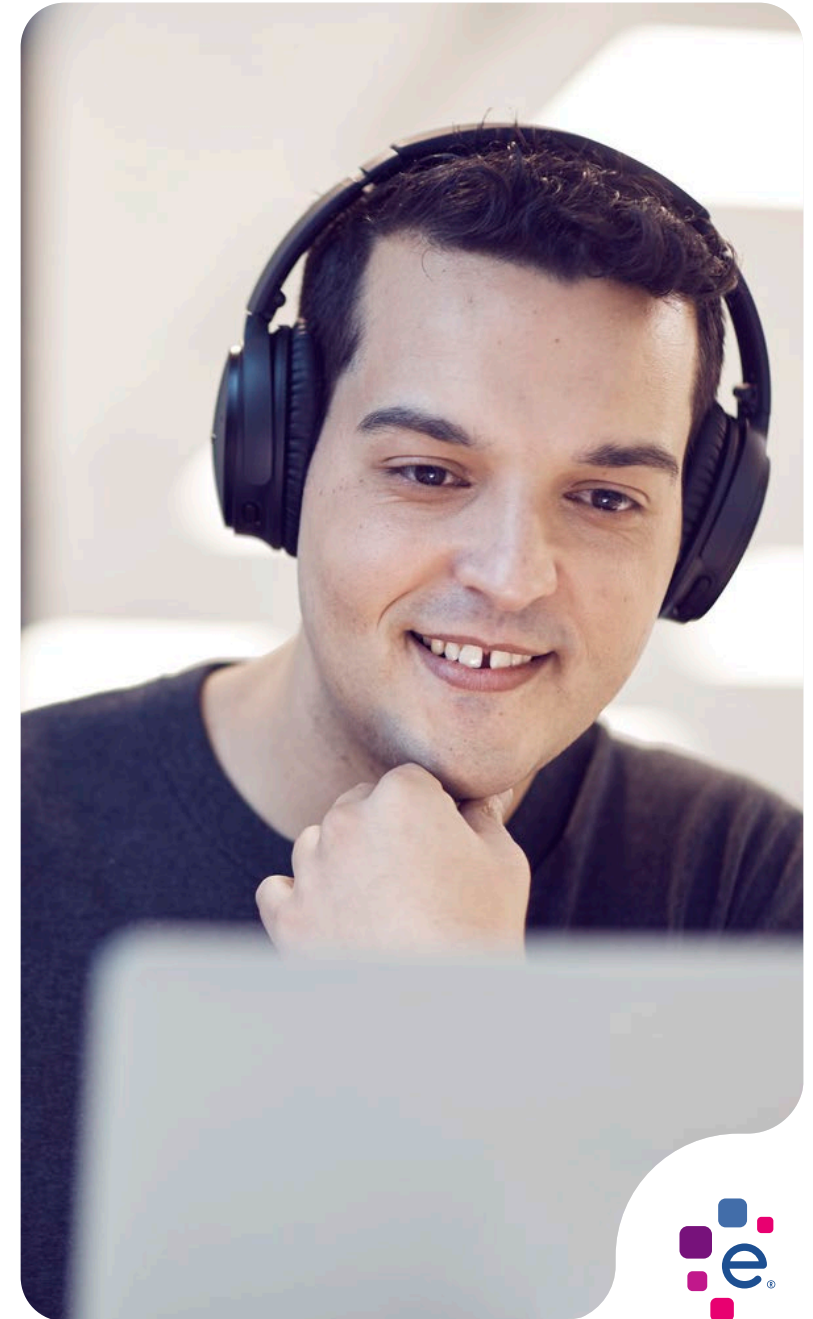
Other

- Credits for property tax paid
- Credits for training employees
- Special sales tax or property tax exemptions on new investment
- Disaster zone credits – none currently active



How do I know if I'm eligible for credits?

- **Are you hiring or expanding significantly at specific locations?**
 - Are you hiring in specific states or location-types (manufacturing/warehousing)?
 - Are you hiring or promoting roles for specific target groups (ex Veterans)?
 - How are you budgeting & planning for next year's peak hiring?
- **Do you have Federal & State tax liabilities?**
- **Talk internally:**
 - Work to support tax credits can span HR, Payroll, & Tax/Finance departments, so knowing what your partner teams are actively engaged on can help!



Key Takeaways



Continuity is critical:

WOTC has been consistently extended, often with temporary lapses, but renewals are retroactive. Keep screening all new hires to protect credit eligibility even during legislative pauses



Legislation is evolving: Proposed bills could expand target groups (youth, military spouses, long-term assistance recipients) and increase credit values; HR should stay alert to updates that affect recruiting strategies and credit possibilities



Integration with hiring processes, prioritizing candidate experience: Embedding WOTC questionnaires into applications along with proactive monitoring ensures higher completion and reduces candidate drop-off - less compliance disruption with maximized credit potential



Cross-functional alignment: HR should partner with Tax/Finance teams to maximize credits, and explore complementary state/federal credits tied to hiring volume, locations, or demographics



Questions?



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