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PayDay

The recently enacted "American Recovery and Reinvestment Act of 2009" (the 2009 economic stimulus act) expands the categories of new-hires that qualify for the existing "work opportunity tax credit" (WOTC).

The existing law allows businesses to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to employees of one of nine targeted groups. These groups are: (1) qualified members of families receiving assistance under the Temporary Assistance for Needy Families (TANF) program, (2) qualified veterans, (3) qualified ex-felons, (4) designated community residents, (5) vocational rehabilitation referrals, (6) qualified summer youth employees, (7) qualified members of families receiving Food Stamp assistance, (8) qualified Supplemental Security Income recipients, and (9) long-term family assistance recipients.

The new law expands the work opportunity tax credit to include two new targeted groups: (1) unemployed veterans; and (2) disconnected youth.

Individuals qualify as unemployed veterans if they were discharged or released from active duty from the Armed Forces during 2008, 2009 or 2010 and received unemployment compensation for more than four weeks during the year before being hired. Individuals qualify as disconnected youths if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months.

The Federal government estimates that as much as \$10 Billion of available "WOTC" tax credits are unclaimed every year since most employers are not aware of the WOTC law or the procedures to claim the tax credits.

AccuPay just assisted a small business obtain over \$11,000 of tax credits during 2008. If you would like to learn more about AccuPay's "work opportunity tax credit" consulting and claims processing services, call Tamara Clookey, CPP at 885-7600. AccuPay does not charge for this service unless we obtain certified tax credits for your business.

PayDay is an email communication of payroll news, legal updates and tax considerations intended to inform clients and colleagues of AccuPay about current payroll issues and planning techniques. You should consult with your CPA or tax advisor before implementing any ideas, comments or planning techniques.

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