



Information especially for employers

employer advisor

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Tax Credits Available for Employers

This edition of the Employer Advisor is devoted to tax credits available to Utah employers. Some of the credits apply to federal taxes while others apply to state taxes. Employers who hire recently discharged veterans are simultaneously eligible for federal and state tax credits. Read on to learn how these tax credits can help you as an employer achieve your financial goals.

Work Opportunity Tax Credit

As an employer, you incur training costs for each new hire. The Work Opportunity Tax Credit (WOTC) program can help you reduce these expenses. This program provides tax credits to employers who hire individuals from specific target groups. There is no limit to the number of tax credits that you may receive on your annual federal income tax.

How much can WOTC reduce your federal income tax? The credit offers up to \$2,400 for each new employee who qualifies for most of the target groups. New employees who could qualify for \$2,400 include Food Stamp (aka SNAP) recipients, ex-felons, and Vocational Rehabilitation referred individuals.

The following groups are eligible to receive higher credits:

- \$4,800 for each disabled veteran employee hired within one year of leaving service.
- \$5,600 for each new veteran unemployed for at least six months.
- \$9,000 over a two-year period for each long-term family assistance recipient.
- \$9,600 for each disabled veteran unemployed for six months.

How do you apply? Before claiming the WOTC on your federal tax return, you must apply for, and receive approval

from, the Utah Department of Workforce Services. The approval states that your new employee is a member of a WOTC target group. You may mail, hand-deliver or electronically submit the required forms and documentation. The forms must be postmarked or transmitted no later than 28 days from the new employee's start date.

Please note that the WOTC program is currently awaiting reauthorization for 2015. You should still submit all documentation within the 28-day time period.

The required forms and the contact names and numbers for Utah WOTC program are found at jobs.utah.gov/employer/business/wotc.html.



New Homeless Tax Credit



Are you aware of a new state income tax credit for employers who hire homeless individuals? In 2014, the Utah Legislature allocated \$100,000 for a Homeless Tax Credit. To qualify, new employees must reside in a permanent housing facility, a permanent supportive facility, or a transitional facility. Examples of these facilities include The Road Home and Palmer Court in Salt Lake City and St. Anne's Shelter in Ogden.

The Homeless Tax Credit program offers an employer a \$2,000 state income tax credit for each new employee. To qualify, an employer must first pay the new employee \$4,000 in wages within two calendar quarters after the quarter in which the employee was hired.

To apply, the employer submits an application to the Department of Workforce Services for each new qualified employee. Workforce

Services will mail a participant agreement to the employer to sign and return. After paying the employee \$4,000 in wages and submitting the documentation, the employer will receive a Workforce Services issued certification to use when filing its state tax return.

The application and Workforce Services contact names and numbers are available at jobs.utah.gov/employer/business/htc.html.

Utah Veteran Employment Tax Credit

Why Hiring Eligible Veterans is Advantageous

An employer who hires an eligible veteran may receive an employment tax credit from the Utah State Tax Commission. For each veteran hired, the tax credit for the first year begins at \$200 a month not to exceed \$2,400 per year and increases to \$400 a month not to exceed \$4,800 per year for the second year.

The eligibility criteria for the Utah tax credit include the following four required items:

1. Recently deployed veteran who:
 - a. Mobilized to federal military service in an active or reserve component of the U.S. Armed Forces.
 - b. Received honorable or general discharge within two years prior to the employment start date.
2. Must be employed on or after Jan. 1, 2012.
3. Collecting, or eligible to collect, Unemployment Insurance (UI) benefits or exhausted UI benefits within the past two years.
4. Works at least 35 hours per week for not less than 45 out of the past 52 weeks after the employment start date.

If you have a veteran employee meeting these criteria, send the veteran's DD214 with a release request that includes the veteran's name, social security number,

date of birth, signature and the employer's return information to this address:

Department of Workforce Services
Unemployment Insurance
140 East 300 South
P. O. Box 45288
Salt Lake City, Utah 84145-0288

If the veteran meets the eligibility criteria, UI will mail a letter to you certifying that the veteran meets the requirements of Utah Code Section 59-10-1031(2) (a). Please note that the return correspondence will include the DD214. This letter should be used when filing for the Veteran Employment Tax Credit on Utah State Tax forms and retained in your tax records to support the credit if audited by the Tax Commission. Related information to save with the letter includes taxpayer identification number, the veteran's last known address, employment start date, and documentation from the military service unit to establish the status of a recently deployed veteran.

If questions arise, please call Unemployment Insurance Contributions at 801-526-9235 or 1-800-222-2857. If you know your party's extension select 9 to enter the number. If not choose one of the available options.