



Freed Maxick & Battaglia, PC  
*Certified Public Accountants*

## Federal and State Tax Credits

Most federal and state tax credits and incentives go unclaimed because complying with these programs is too time consuming, costly and complex.

The following represents only a few of the many sources of unclaimed dollars that may be available to you if you qualify.

- Work Opportunity Tax Credit program, earn up to \$2,400 for each qualified new hire.
- Welfare-to-Work Tax Credit program, earn up to \$8,500 for each long-term welfare recipient you hire.
- Through state-sponsored Training Grants, recoup your training costs.
- Earn up to \$3,000 through the Empowerment Zone or \$1,500 through the Renewal Community Tax Credit every year for qualifying employees.
- Obtain Income Tax Credits on the wages of Tipped Employees in food and beverage establishments.
- Obtain State & Local Tax Incentives for creation of new jobs, expansion or renovation of existing facilities, purchase of new equipment and providing childcare expenses.
- Through the Job Training Partnership Act and Welfare-to-Work Wage Subsidies, earn wage subsidies for qualified new hires.
- Hiring Tax Credits and Training Tax Credits when hiring qualified new hires or training existing employees.

## Federal Credits

Freed Maxick & Battaglia, CPAs makes the process as simple as possible so that companies can benefit from the tax savings offered through federal employment incentives. We take care of all the administrative burdens and required paperwork for your company. Credits are dollar for dollar reduction of taxes that can be used by your company to offset payments of federal income taxes. These credits can be used quarterly, carried forward up to twenty years or even carried back one year. These savings can contribute greatly to the bottom line and can be used for training, education, bonuses, safety or other benefits advantageous to either the company or the employees. There is real value in this service which can directly impact and benefit the company and the employees. Our digital processing and reporting systems deliver a service that is easy to implement and administer. In most cases we can set up all data exchanges and customized forms for multi-locations within one day of signing with our service.



**Improve Your  
Bottom Line**

**Increase Your  
Cash Flow**

**Take it to  
the Max.**



**Work Opportunity Tax Credit - (WOTC)**

The Work Opportunity Tax Credit is a federal hiring incentive that provides a tax credit of up to \$2400 if your company is hiring from any one of the following groups:



- 1) A member of a family that is a Qualified Food Stamp Recipient
- 2) A member of a family that is a Qualified Aid to Families with Dependant Children (AFDC) Recipient
- 3) Qualified Veterans
- 4) Qualified Ex-Felons, pardoned, paroled or work release individuals
- 5) Vocational Rehabilitation Referrals
- 6) Qualified Summer Youths
- 7) Qualified Supplemental Security Income (SSI) Recipients
- 8) Qualified Individuals living within an Empowerment Zone or Enterprise Community

**Federal Credits**

Individuals must work 120 hours to qualify for the credit. Companies can recover 25% of the first 399 hours of wages and, once the employee works 400 hours, the credit percentage increases to 40% of the wages up to \$6,000 retroactive to the first hour's wages.

NEW HIRES	x	Eligible Employees	=	Total WOTC Credit
250	x	25	=	\$ 50,000
500	x	50	=	\$100,000
1000	x	100	=	\$200,000

*A company's savings will vary; however if your company averaged 10% eligibility and each eligible employee worked more than 400 hours and earned \$5,000 in wages, your company could realize similar savings.*

**Welfare to Work Tax Credit**

The Welfare-to-Work Tax Credit is a first year tax credit of 35% of the first \$10,000 in wages and a 50% tax credit of the first \$10,000 in wages in year two for long term welfare recipients. The employer is also allowed to treat health care, training assistance, dependant care and education expenses as wages for purposes of calculation of the credit.

Credit % Rate	=	Potential Tax Credit
35% credit on first \$10,000 of first year wages		\$3,500
50% credit on first \$10,000 of wages in year two of employment		\$5,000
Total Welfare-to-Work Credit		\$8,500



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### **Empowerment Zone Tax Credit**

The Empowerment Zone Tax Credit is a tax credit equal to 20% of the first \$15,000 in wages in any year if the employee lives and provides services in an Empowerment Zone. The Department of Housing and Urban Development designates Rural and Urban Empowerment Zones. Empowerment Zones and Enterprise Communities also offer many other increased deductions, depreciations and capital gains incentives.



### **Renewal Community Tax Credit**

The Renewal Community Tax Credit is a tax credit equal to 15% of the first \$10,000 in wages in any year if the employee lives and provides services in a Renewal Community. The Department of Housing and Urban Development designated 40 Urban and Rural Renewal Communities effective January 1, 2002. Renewal Communities also offer many other increased deductions, depreciations and capital gains incentives.

**Easy to  
Implement**

### **Native American Tax Credit**

The Indian Employment Tax Credit allows businesses (other than the Gaming Industry) to receive a tax credit if they hire Native Americans that live on or near an Indian Reservation.

**Automated  
Recovery Service**

### **Disabled Access Credit**

The Disabled Access Credit allows eligible businesses to receive a tax credit if they incur expenses to provide access to disabled individuals. This credit is generally available for expenditures that make your facility or public transportation more accessible to the disabled or elderly. Additionally, hiring a disabled individual may entitle your company for a tax credit under the Federal Work Opportunity Program.

### **Employer Social Security Tax Credit**

Many Food and Beverage establishments pay excessive taxes on the wages of their tipped employees. Restaurant and Food and Beverage establishment owners with tipped employees can reduce their present tax liabilities and recover overpaid taxes from prior years by utilizing our Employer Social Security (FICA) Review Services.

**Take it to  
the Max.**



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## State and Local Tax Credits and Incentives

Freed Maxick & Battaglia, CPAs staff will provide a comprehensive evaluation of the tax incentives available for your company's locations. These potential tax incentives may include enterprise zone incentives, job creation, training and education, investment expansion, sales and use tax abatements, environmental exemptions, headquarters tax credits and child care credits.



## Frequently Asked Questions

### **Are these Federal and State programs hard to implement?**

Freed Maxick & Battaglia, CPAs creates customized forms for every client location. Each new hire fills out one simple form, (the Tax Credit Questionnaire). Freed Maxick & Battaglia, CPAs provides your company with a tutorial (either CD-Rom or accessed from our Website) on how to properly fill out this form and implement our program. In most instances our program can be implemented on a multi-location basis in 24 hours of signing up with us.

### **How much does this cost me?**

We are paid only from your tax savings or incentives obtained therefore there is virtually no financial risk to your company.

### **Do I have to change my hiring practices?**

Most companies will find that a percentage of new hourly hires are eligible for one of the federal employment tax credits with no changes in hiring practices.

## State Credits

Take it to  
the Max.