

2009 Recovery Act: WOTC for Veterans and Disconnected Youth

The *American Recovery and Reinvestment Tax Act of 2009* (2009 Recovery Act) has modified the rules for eligible taxpayers to claim the Work Opportunity Tax Credit (WOTC) by creating two new categories of targeted groups for 2009 and 2010, unemployed veterans and disconnected youth.

As you may know, the WOTC was previously extended for employers who hire qualified individuals that begin work before September 1, 2011. Prior to the 2009 Recovery Act, the WOTC was available on an elective basis for employers hiring individuals from the following specified targeted groups:

- families eligible to receive benefits under the Temporary Assistance for Needy Families Program (TANF);
- qualified military veterans;
- qualified ex-felons;
- certified "designated community residents;"
- certified "vocational rehabilitation referrals;"
- qualified summer youth employees;
- qualified food stamp recipients;
- qualified Supplemental Security Income (SSI) recipients; and
- qualified long-term family assistance recipients.

The 2009 Recovery Act defines the new targeted groups as individuals who begin work for the employer after December 31, 2008 and meet the following guidelines:

- Unemployed veterans must be discharged from active duty in the Armed Forces at any time during the five-year period ending on the hiring date, and receive unemployment compensation for at least four weeks during the year prior to being hired by the employer.
- A "disconnected youth" must be between the ages of 16 and 24 on the hiring date and lack basic skills that would make him or her readily employable. In addition, during the six-month period preceding the hiring date, the "disconnected youth" must not be regularly employed nor attending secondary, technical, or post-secondary school.

As an employer, you may be interested in claiming the WOTC for current or future employees. If you would like additional information on qualified wages or employee certification requirements, please call us at your earliest convenience to arrange an appointment.