

## Improve and Enhance the Work Opportunity Tax Credit Act (H.R. 1177/S. 492)

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### What does it do?

- ★ The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers who hire members of certain targeted groups that face barriers to employment, such as people with disabilities and qualified veterans.
- ★ The **Improve and Enhance the Work Opportunity Tax Credit Act would update the WOTC** to increase the credit percentage from 40 percent to 50 percent of qualified wages.
- ★ It would also add a second level of credit for employees who work 400 or more hours.
- ★ For most of the eligible populations, the maximum credit is \$2,400 for first-year wages. For veterans with disabilities, the maximum credit is \$4,800 for first-year wages.



### Why is it needed?

- ★ The **WOTC has not been updated since its enactment 27 years ago.**
- ★ It opens doors for individuals who have faced barriers to employment by incentivizing employers to consider candidates they might otherwise overlook.
- ★ The current credit does little to encourage retention of employees beyond the first 400 hours of employment and thus creates no incentive to retain an employee after they've obtained the maximum credit for first-year wages.