



Employment Credits and Incentives Services

Bridging the talent gap while decreasing cost per hire and training cost per employee

Is your organization missing out on employment-related credits and incentives?

Many businesses today struggle to attract needed talent and, at the same time, address high employment costs. Not surprisingly, for many companies, the recruiting, retention, and training of employees is a top priority.

With increasing globalization many companies face a growing gap between the talent needed to compete effectively and the pools of talent accessible to them. This gap may be at least partly bridged by taking advantage of employment-related tax credits and financial incentives that

can reduce a company's cost per hire and training cost per employee.

Our experience shows that many companies forgo millions of dollars in credits and incentives offered by federal, state and local governments, including point-of-hire credits, on an annual basis. Is your organization receiving its share? Deloitte's National Credit and Incentive (C&I) practice can assist you in identifying, securing, implementing, and maintaining available tax credits and incentives.

Capturing their value may be easier than you think—with Deloitte's help

Deloitte's C&I professionals can assist with many aspects of the following types of tax credits and incentives:

Learning and training

Recent survey results indicate that most CEOs and Chief Human Resource Officers (CHROs) believe their companies are not developing skills fast enough¹. One reason is that sweeping changes are taking place in corporate learning, driven by a number of factors, including employee expectations for more dynamic, self-directed, continuous learning experiences. Many HR departments are struggling to respond to these changes.

Tax credits and incentives can potentially help by enabling businesses to offset a portion of their investment in employee learning and training. Benefits, including state and local subsidies, can potentially offset 33 percent to 66 percent of qualified training expenses.

Hiring

With talent acquisition costs per hire of over \$5,000 for mid-size businesses, organizations are seeking ways to reduce their overall talent acquisition costs and their cost per hire. Hiring incentives are not only a way for companies to reduce their tax burden but also a way for organizations to reflect a reduction in their cost per hire statistics.

Federal tax incentives

The Protecting Americans from Tax Hike (PATH) Act of 2015 extended the federal Work Opportunity Tax Credit (WOTC) through December 2019, incentivizing companies to hire certain categories of individuals who typically face barriers to employment. The PATH Act also expanded WOTC to a new target group, qualified long-term unemployment recipients, and extended its credit for Empowerment Zones through December 2016.

WOTC is just one of many federal workforce programs that incentivize

workplace diversity and facilitate access to jobs for American workers. Benefits of WOTC include:

- WOTC income tax credits range from \$2,400 to \$9,600 per qualified employee.
- The Federal Empowerment Zone Credit can be worth up to \$3,000 per qualified employee.
- The Indian Employment Credit can be worth up to \$4,000 per qualified employee

State tax incentives

State and local governments also offer many tax credit and incentive programs to encourage new job creation and the hiring of residents in their jurisdiction. Although varying from state to state, these programs include enterprise zone credits, general hiring credits, targeted hiring credits, and job expansion and retention tax credits.

For example, through state enterprise zone programs, companies can secure tax credits or incentives that may range between \$500 and \$56,000 per qualified employee over the duration of the credit or incentive.

For companies interested in pursuing federal or state incentives, Deloitte offers a range of resources, including:

- A dedicated national team of credits and incentives professionals, processes, technology resources, and technical specialists who assist with implementation and ongoing WOTC program efforts.
- The WOTC technology platform that we use to provide WOTC services can reduce the time and effort involved with a tax screening program and may create a more favorable return-on-investment than the traditional paper-based approach.
- Our high-quality WOTC process and approach involves key stakeholders, including human resources, tax, information technology, general counsel, and privacy and security. This collaborative process works to address critical areas such as process design, data security and data encryption necessary when handling personal identifying information.



¹ The Conference Board, "The Conference Board CEO Challenge 2016," <https://www.conferenceboard.org/publications/publicationdetail.cfm?publicationid=6071>.



Technology

Technology can play an important role in the services Deloitte's C&I professionals provide to you. For example, our proprietary, Web-based technology can help enhance your organization's approach to identifying, obtaining, managing, and monitoring the WOTC. It can also integrate with an applicant tracking system to facilitate an efficient screening process.

We use technology to:

- Provide a dynamic and efficient screening process that enhances your job applicants' experience.
- Streamline your WOTC-related processes and procedures, including gathering information during recruiting, to assist your organization in meeting the 28-day filing deadline with state workforce agencies.
- Offer you 24/7 online access to internal WOTC-related information and compliance metrics.
- Improve efficiency and security associated with your organization's WOTC information.
- Support your organization's WOTC calculation and related documentation.

The Deloitte difference

Deloitte's C&I specialists will work closely with your team to identify and pursue tax credits and incentives for which your company may qualify. We have years of experience and have helped companies across the industry spectrum to realize the value of employment credits and incentives.

In addition—and this is where Deloitte's broad-based, multidisciplinary resources come into play—we often collaborate with HR specialists in Deloitte's consulting practice to help you address HR-related issues and circumstances that arise during the hiring, learning, and development processes for which the tax credits and incentives apply.

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