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## ADP: Businesses Face Big Opportunity to Benefit from Major 2016 Tax Credits and Incentives Following Year-End Legislation

ROSELAND, NJ -- (Marketwired) -- 03/01/16 -- U.S.-based businesses face a big opportunity to benefit from major tax credits following President Obama signing into law the Omnibus Spending Bill H.R. 2029 and the PATH Act (Protecting Americans from Tax Hikes Act of 2015) at the end of 2015, according to ADP®.

This legislation included the extension of more than 50 tax credit and incentive programs that expired on Dec. 31, 2014 -- among them an array of federal tax credits that offer incentives to employers who implement various hiring, training and investing practices. These include:

- 1 *Work Opportunity Tax Credit (WOTC)* - Extended for five years through 2019, WOTC is designed to encourage employers to hire and retain individuals from various target groups, including veterans of war, welfare recipients and the newly added "long-term unemployed" category, among others. Through this program, businesses can qualify for a tax credit of up to \$9,600 per eligible employee for the first year of employment.
- 1 *Federal Empowerment Zone Employment Credit* - Businesses that hire employees who live and work in an empowerment zone, which are designated distressed urban and rural areas, may be eligible for an employment credit of up to \$3,000 per eligible employee through the end of 2016.
- 1 *Employer Wage Credit for Employees Who Are Active Duty Members of the Uniformed Services*- For businesses that employ members of the uniformed services, the PATH Act removes the limitation to small businesses that employ fewer than 50 employees and expands eligibility to any size business, including large enterprises, beginning in 2016. In addition, the PATH Act makes this credit permanent. The maximum credit available is 20% of differential wages paid to each qualified employee who has been called to active duty, up to a maximum of a \$4,000 credit per qualified employee.
- 1 *Indian Employment Credit* - Through this program, employers are eligible for a credit based on the first \$20,000 of qualified wages and health benefits they pay to eligible employees who are an enrolled member of an Indian tribe (or whose spouse is an enrolled member of an Indian tribe), who live on or near an Indian reservation and work on the reservation. This credit is extended through the end of 2016, and businesses can receive up to \$4,000 per eligible employee to whom they have paid wages and health benefits.

"The extension of these various tax credits and incentives are great news for businesses, especially in today's economic environment," said Jeanne Madden, Vice President, Tax Credits, ADP. "Therefore, it's important for employers to ensure they have the right technology and processes to help them identify and manage qualifying credits. In today's complex tax credit landscape, businesses could miss out on opportunities to lower their effective tax rate without proper awareness and the right overall program management in place."

ADP's [Tax Credits Services](#) can help businesses identify and capture eligible tax credits and incentives for 2016 and retroactive credits for which they might still qualify on both a state and federal level. A solution that can keep track of updated tax credit and incentive programs that result from new legislation can play a key role in a company's overall workforce management strategy. This type of tax credit solution can also help businesses mitigate risk associated with noncompliance, improve efficiencies and drive growth.

Last year ADP performed more than 16 million tax credit screenings for clients.

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