

Contingency Based Business Tax Credit Processing Consultants and Cost Reduction Service helping Companies with Government Tax Incentives



Marcel Abandonato
President

MJA & Associates
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Interview conducted by:
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CEOCFO Magazine

CEOCFO: Mr. Abandonato, would you tell us about MJA?

Mr. Abandonato: MJA & Associates

is a contingency based tax credit processing firm. We help companies with government tax incentives.

CEOCFO: What are the range of incentives that are available?

Mr. Abandonato: We work with hundreds of companies across the country and we help them capture federal as well as state tax credits. One of the most significant tax credit programs is the WOTC tax credit, which is Work Opportunity Tax Credit. The WOTC tax credit allows companies to earn tax credits for hiring veterans, individuals on unemployment, food stamp recipients, and members from other target groups. The average tax credit is approximately \$2000 per employee but can be as much as \$ 9,600 per employee.

CEOCFO: At what point would a company turn to you?

Mr. Abandonato: A company would use our services if they were a small to mid-size company, a company that does not have a large corporate structure with resources to manage the program or if they do not have the knowledge to gather the documents. The program is much more than having a couple forms completed, because you do have to prove eligibility. Without having the knowledge of which government agencies to go through and how to collect military records of case ID numbers, they would utilize our services to gather those documents and submit the applications on behalf of their company.

CEOCFO: Would a company know the tax credit they are after and then come to you?

Mr. Abandonato: Most companies are not aware of what tax credits are available for them. They will turn to us usually when they have a large tax burden and they are trying to reduce their tax liabilities. They turn to us to research and determine which state and federal tax incentives they might be eligible based upon their business location.

CEOCFO: Is it somewhat easy for you to ascertain who might be eligible?

Mr. Abandonato: Yes we can take a look at the demographics of the types of employees that they hire. Some of the things that we take into consideration is the location of the company, the average pay rates of the employees, the types of positions or job titles, and the average number of hours. There are a few key indicators that we use and right off the bat we can determine if they would be successful with some of the programs. Primarily location and pay rate would be the two key factors.

CEOCFO: How do you keep up to date with all the states?

Mr. Abandonato: It requires a lot of research. We have been doing this for nearly fifteen years so we have established relationships with all the different state agencies. We keep our clients very informed of any legislative changes. It has been mainly the experience and know-how of who the contacts are and where to locate those legislative changes.

“Our clients love our business model where it is contingency based so it is practically risk-free for a company because they are not investing any money upfront; there are no start-up fees or implementation fees. If their employees do not qualify they do not pay us any fees at all. It is a great relationship with our clients because our incentive is to earn the most tax credits possible so that we can reduce their tax liability and they only pay a contingency fee based upon credits that we are able to capture through our services.”- Marcel Abandonato

CEOCFO: Do you act on behalf of a company so that your name is on the papers, or is it all in the company name?

Mr. Abandonato: The firms primarily have their company name on the document. There is one section where it says "person to contact," and if it is different from the company, then that is where we would be listed. We would be listed as a third-party.

CEOCFO: What might you be able to negotiate with an agency; are there often questions or discrepancies?

Mr. Abandonato: The process that we set up has made the process very simple. Once the forms are completed, it is quite simple on the client's side so there is no need to contact the employee or research documents. With the forms that we provide to our clients, we are able to obtain all the information that we need on the front end for the clients. On the back end, our processing team dives deeper and we go through various state agencies to verify eligibility. That is something that the client would not see because it is done on the back end processing side.

CEOCFO: How do you know when a company receives the money?

Mr. Abandonato: Typically, when they file their tax returns because tax credits are claimed on a few IRS forms and that is how the company will get their money so there is no cash exchange. It is going to be the company reporting the tax credits on the IRS forms.

CEOCFO: How do you reach out to potential clients?

Mr. Abandonato: We attend numerous conferences. We belong to numerous associations across the country, so being sponsors and participating as an exhibitor at conferences is how we get most of our clients.

CEOCFO: Do you work with accountants or tax attorneys?

Mr. Abandonato: We work with a few accountants, but realize this is a huge opportunity for us. One of our goals is to work with more accountants and CPAs. What I realized over fifteen years is that accountants are constantly trying to stay up-to-date with all the legal changes, but there are so many tax codes they may not be familiar with every tax program. Because of the administrative burden that the program requires, oftentimes CPAs and accountants will not take on these programs. We are hoping to partner with more accountants and CPAs to help their clients benefit from these valuable tax incentives. My experience has been most accountants and CPAs do not do the tax credits, they will advise their clients on some programs but they do not administer because it is pretty intense on the administrative side. That is an opportunity we are hoping to get into.

CEOCFO: Would you tell us about your relationship with Monster as an ecommerce alliance partner?

Mr. Abandonato: We partnered with Monster.com. We are one of their ecommerce strategic partners. When a company is going through the Monster website and going through their shopping cart and they purchase job postings, some of their strategic partners will appear on there in case there is an interest when they purchase. Whether it is tax credits, or if it is financial services, there is going to be some options of some of their affiliated partners. We were approved as one of their strategic partners. Typically this program goes through the employment or HR departments so as these recruiters and HR professionals are purchasing job postings, this goes hand-in-hand with that. If they are not taking advantage of the tax credit, they can contact us to learn more.

CEOCFO: How do you address the security issue?

Mr. Abandonato: Everything is secure. All information is secure and we do not disclose any information or share with any third-parties, that way our clients are confident that the information they send to us is going to be secure and not shared with anybody.

CEOCFO: Do you see any challenges with a new administration where there might be a new set of rules?

Mr. Abandonato: I think it will take time. The current program is set to expire at the end of 2019. The program was actually renewed for a five-year period. With any administration there is always the possibility of changes. It will be interesting to see what may happen. Because the programs that we manage are typically job related and promote job growth and job creation, I think it is supported by both parties. I think these incentives are more specific to create new jobs so hopefully both parties will see this important program.

CEOCFO: What has changed in your approach over time?

Mr. Abandonato: Some of the change is technology. Many companies want to see this process automated and use electronic signatures. The automation is great, but sometimes the hands-on piece is missing. The hands-on piece is critical because somebody can mark the forms in error or not answer the forms properly. We take a look at each response

just to make sure some of the responses are not overlooked. I think the technology brings good and bad, it does make it more efficient and faster but sometimes there is an opportunity for a missed tax credit if the information is not answered correctly.

CEOCFO: *Do you find that applications are handled efficiently at the government level?*

Mr. Abandonato: I feel they are fairly efficient. I feel they are understaffed. I do not think they have the amount of resources necessary to get the job done timely. Some of these offices that are processing these applications are very limited with their staff, which creates a huge backlog of applications. They have a limited budget and are unable to hire additional staff.

CEOCFO: *How is business?*

Mr. Abandonato: We have seen a lot of growth over the last couple of years. I think business is doing well and a lot of companies are growing. I think things are on the up-and-up.

CEOCFO: *Why choose MJA Associates?*

Mr. Abandonato: Our reputation and our experience. We have been doing this for fifteen years, so a lot longer than some other companies out there. We are very detailed and very professional with our work. We do a good job with what we are doing and stand behind our work. Our clients love our business model where it is contingency based so it is practically risk-free for a company because they are not investing any money upfront; there are no start-up fees or implementation fees. If their employees do not qualify they do not pay us any fees at all. It is a great relationship with our clients because our incentive is to earn the most tax credits possible so that we can reduce their tax liability and they only pay a contingency fee based upon credits that we are able to capture through our services.

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Specializing in Government Tax Incentives