
SOME EMPLOYEES DO NOT QUALIFY FOR THE WOTC...

- 1) Relatives or Dependents,
 - 2) Majority owners of the employer, *or*
 - 3) Former employees.
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THREE SIMPLE STEPS TO APPLY:

Employers apply for and receive a certification from their State Workforce Agency (SWA) that the new hire is a member of a target group before they can claim the Work Opportunity Tax Credit. To apply:

1. Complete page 1 of IRS Form 8850, *Pre-Screening Notice and Certification Request for the Work Opportunity Tax Credit*, by the date of the job offer; and page 2 after the individual is hired;

AND

2. Complete one of the following U.S. Department of Labor forms:

- ETA Form 9061, *Individual Characteristics Form*, if the new hire has not been given an ETA Form 9062; **or**
- ETA Form 9062, *Conditional Certification Form*, if provided to the job seeker by a Participating Agency, a SWA, or a Vocational Rehabilitation Agency;

AND

3. Mail the signed/dated IRS and ETA forms to the respective SWA:

- For Veteran hires made before May 22, 2012 - submit by June 19, 2012.
- For hires made on or after May 22, 2012 - submit not later than 28 calendar days after the new hire begins work.



For more information on where to apply or get the application forms, visit our Web site at:

<http://www.doleta.gov/wotc> or

IRS's Web site at:

<http://www.irs.gov/form8850>

Why is the WOTC a Great Opportunity for Employers?

The WOTC reduces an employer's cost of doing business and requires little paperwork. The success and growth of this income tax credit for private-sector businesses depends on a strong public- and private-sector partnership. Helping those in need find and retain *good jobs* and gain on-the-job experience benefits all employers and increases America's economic growth and productivity.

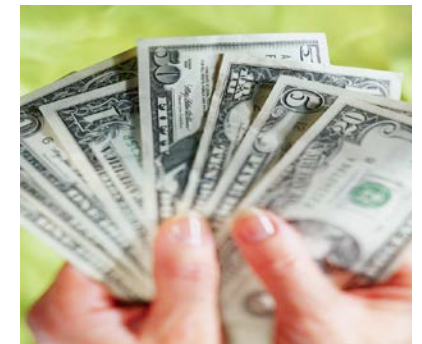
For Agency Use:

The Work Opportunity Tax Credit (WOTC) SOLUTION

EMPLOYERS:

8

Ways To Earn Federal Income Tax Credits For Your Companies...



U.S. Department of Labor
Employment and Training Administration

THE BOTTOM LINE

- Employers make the hiring decision.
- There is no limit to the number of new hires who can qualify the employer for the tax savings.
- There is minimal paperwork needed to claim the WOTC.

WHAT'S NEW?

The legislative authority for the WOTC program's non-veteran groups and Empowerment Zones (EZ) expired on December 31, 2011. Expiration of EZs eliminates *Summer Youth* as a target group.

The Veteran group was modified and expanded by the *VOW to Hire Heroes Act of 2011*. Currently, this is the only active group from which employers can hire, request a SWA certification and if eligible receive a certification. For Veterans, new hires must begin work on or after November 22, 2011 and before January 1, 2013.

Hiatus: Given that the non-veteran groups may be reauthorized based on legislative history for WOTC, employers may still submit certification requests for non-veteran groups to states. States will accept but not issue determinations until WOTC is reauthorized.

For additional WOTC information and materials, visit www.irs.gov/form8850 & www.doleta.gov/wotc.

HOW TO FIGURE THE WOTC...

The amount of the tax credit is based on a percentage of *qualified wages* paid to the new employee for *the first-year of employment only*. Generally, qualified wages are capped at \$6,000. The credit is 25% of qualified first-year wages for those employed at least 120 hours and 40% for those employed 400 hours or more. For **most target groups**, the WOTC can be up to \$2,400. For **Long-Term TANF Recipients**, the credit can be up to \$9,000, with qualified wages capped at \$10,000 for a combined 2-year period. For **Disabled Veterans**, the WOTC can be up to \$4,800 with qualified wages capped at \$12,000. For **Disabled Veterans unemployed for 6 months**, wages are capped at \$24,000 and the credit is up to \$9,600. For **Veterans unemployed for at least 6 months**, wages are capped at \$14,000 and the credit is up to \$5,600.

HIRE FROM AMONG THESE 8 GROUPS:

1. **Long-term TANF recipient*** - member of a family that: 1) received Temporary Assistance for Needy Families (TANF) payments for at least 18 consecutive months ending on the hiring date, or 2) received TANF payments for any 18 months beginning after August 5, 1997, and the earliest 18-month period ended during the past 2 years prior to the hiring date, or 3) stopped being eligible for TANF payments because Federal or State law limited the

maximum time those payments could be made, and the individual is hired not more than 2 years after such eligibility ended.

2. **Short-term TANF recipient*** - a family that received TANF payments for any 9 months during the 18-month period ending on the hiring date.

3. **Veteran*** - a veteran who is: 1) a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date, or 2) entitled to compensation for a service-connected disability hired within one year of discharge from active duty, or 3) entitled to compensation for a service-connected disability unemployed for a period totaling at least 6 months of the year ending on the hiring date, or 4) unemployed for at least 4 weeks (but less than 6 months) in the year ending on the hiring date, or 5) unemployed for at least 6 months in the year ending on the hiring date.

4. **18-39 Year-Old SNAP (food stamps) recipient*** - member of a family that received SNAP benefits (food stamps) for either the 6-month period ending on the hiring date, or for at least 3 of the 5 months ending on the hiring date in the case of a family member who ceased to be eligible for such assistance under Section 6(o) of the Food Stamp Act of 1977.

5. **18-39 Year-Old Designated Community resident** - individual who lives in a Rural Renewal County (RRC).

(**Note.** Renewal Communities expired on December 2010 and Empowerment Zones (EZs) expired on December 31, 2011.)

6. **Vocational Rehabilitation referral** - a person with a disability referred to the employer upon completion of or while receiving rehabilitative services from a state certified agency, an Employment Network under the Ticket-to-Work Program, or the U.S. Department of Veteran Affairs.

7. **Ex-Felon** - individual convicted of a felony and hired within one year after the date of the conviction or release from prison.

8. **SSI recipient** - individual who received Supplemental Security Income benefits for any month ending during the past 60-day period ending on the hiring date.

✍ **Tax-exempt organizations can now claim the WOTC for hiring veterans.**

👉 **Don't forget to visit the national website at: www.doleta.gov/wotc for updates on the current hiatus and potential reauthorization of the non-veteran target groups.**

**Based on the Internal Revenue Service's 2003 Revenue Ruling, members of four groups (i.e., Veteran; Short and Long-Term TANF and SNAP Recipient groups) need not receive the assistance/benefits for the entire period if the member was on the grant and thus received such assistance benefits for at least one day of the specified period (see TEGL #: 20-04, March 18, 2005).*

