

The Work Opportunity Tax Credit

(www.workforcesecurity.doleta.gov/employ/wotcdata.asp)

The Work Opportunity Tax Credit (WOTC) is a Federal program designed to encourage employers to hire persons who have special difficulties in finding work by giving employers up to 40 percent of the first \$6,000 or up to \$2,400.00 in wages paid during the first 12 months for each hire on the employers Federal taxes. WOTC applies only to new employees hired after September 30, 1996 and before December 31, 2003.

Who Is Eligible for Certification Under this Program?

- AFDC Recipients – receive benefits for a 9-month period during the last 18 months.
- Veteran – received AFDC for a 9-month period during last 21 months or received Food Stamps for a 3-month period during the last 15 months.
- Ex-Felon – hired within 1 year of their date of conviction or release from prison and be a member of an economic disadvantaged family.
- High Risk Youth – 18 years old, but not yet 25, on hiring date and lives within a Federal designated empowerment or enterprise zone.
- Vocational Rehabilitation – Persons having a physical or mental disability resulting in a hindrance to employment and referred to an employer upon completion of or while receiving rehabilitative services, pursuant to the Vocational Rehabilitation Act of 1973, as amended.
- Summer Youth – 16 but not yet 18 years old who are hired for the first time between May 1st and September 15th.
- Food Stamp Recipients – 18 years old, but not yet 25, on hiring date and has received Food Stamps for 6 month period ending on hiring date or received same for 3 months of the 5 month period ending on the hiring date.
- Social Security Insurance recipients.

What are the Minimum Employment Requirements?

Eligible employees must work 120 days or 400 hours; summer youth must work 90 days, between May 1st and September 15th. The employer may claim a partial credit of 25 percent for certified employees who worked at least 120 hours but less than 400 hours.

How Can Employers Participate?

The first way involves an employer giving the IRS 8850 form to a potential WOTC eligible applicant who applies for employment. If the applicant answers yes to item 2 on the form, the employer fills out the

employer's part of the 8850 form and signs it. The IRS 8850 form must be returned to the Central WOTC Unit within 21 days of the start date.

The employers will also fill out and sign the Individual Characteristics form (ETA 9061) and request appropriate documentation from the applicant. As soon as possible, the employer (or employer representative) returns this documentation. The employer should keep at least one copy of these forms and documentations.

To obtain an IRS Form 8850, call (800) 829-3676 (Voice) or (800) 829-4059 (TTY).