



HELP PUT AMERICA TO WORK

AND EARN FEDERAL INCOME TAX CREDITS FOR HIRING NEW EMPLOYEES

WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

The **Work Opportunity Tax Credit (WOTC)** is a Federal tax credit available to employers who hire individuals from eligible target groups with significant barriers to employment. Each year, employers claim over \$1 billion in tax credits under the WOTC program. The success and growth of this income tax credit for business is beneficial for all who participate while increasing America's economic growth and productivity.

- **WOTC reduces an employer's cost** of doing business, requires little paperwork, and applying for WOTC is simple.
- WOTC can **reduce an employer's federal income tax liability** by as much as \$9,600 per employee hired.
- **There is no limit** on the number of individuals an employer can hire to qualify to claim the tax credit.
- Certain **tax-exempt organizations can take advantage of WOTC** by hiring eligible veterans and receiving a credit against the employer's share of Social Security taxes.

WHO IS ELIGIBLE?

- **Veterans**
- **Recipients of Temporary Assistance for Needy Families (TANF)**
- **18-39 year-old SNAP (food stamp) Recipients**
- **18-39 year-old living in a Rural Renewal County (RRC)**
- **Vocational Rehabilitation Referral/Ticket to Work Holders**
- **Ex-Felons**
- **Supplemental Security Income (SSI) Recipients**
- **Long-Term Unemployment Recipient**

Visit <http://www.doleta.gov/business/incentives/opptax/eligible.cfm> for more target group eligibility information.



HOW MUCH IS THE TAX CREDIT?

Employers can earn a tax credit of between \$1,200 and \$9,600 per employee, depending on the target group of the new employee and the number of hours worked in the first year. Employees must work at least 120 hours in the first year of employment to receive the tax credit. Visit <http://www.doleta.gov/wotc> for the maximum tax credit for each WOTC target group.

HOW TO APPLY

To apply for WOTC, employers should follow these steps:

1. Complete page one of **IRS Form 8850** by the day the job offer is made. Complete page two of **IRS Form 8850** after the individual is hired.
2. Complete **ETA Form 9061**, or complete **ETA Form 9062** if the employee has been conditionally certified as belonging to a WOTC target group by a **State Workforce Agency**, Vocational Rehabilitation agency, or another participating agency.
3. Submit the completed and signed IRS and ETA forms to your **State Workforce Agency**. Forms **must be** submitted within 28 calendar days of the employee's start date.
4. Wait for a final determination from your **State Workforce Agency**. The determination will indicate whether the employee is certified as meeting the eligibility for one of the WOTC target groups.
5. After the target group employee is certified by the **State Workforce Agency**, file for the tax credit with the **Internal Revenue Service**.

INFORMATION AND RESOURCES

Visit the WOTC website, <http://www.doleta.gov/wotc>, for more information on eligibility requirements, how to apply for the tax credit, and WOTC contracts in your state.

Visit the IRS website, <http://www.irs.gov>, for more information on how to claim the tax credit.

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U.S. Department of Labor, Employment
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