

WHAT IS ... WORK OPPORTUNITY TAX CREDIT?

The Work Opportunity Tax Credit (WOTC) is a federal tax credit program available to employers who hire new employees from **“targeted”** groups which have historically had difficulty in finding employment. The credit is used to reduce the federal tax liability of private-for-profit employers

WOTC Tax Saving—calculated at 25% of the qualified first year wages up to **\$6,000** for employees who work at least 120 hours but less than 400 hours a savings of **\$1,500** for the employer. Calculated at 40% of the qualified first year wages up to **\$6,000** for employees who work 400 hours or more a savings of **\$2,400** for the employer. Summer Youth calculated at 25% of qualified first year wages up to **\$3,000** for 120 hours a savings of **\$750** and 40% for 400 hours or more a savings up to **\$1200**. Long-Term Recipients calculated at 40% of the qualified first year wages up to **\$10,000** and 50% of qualified second-year wages, maximum savings **\$9,000**. The amount of “qualified wages,” for **disabled veterans only**, is increased from \$6,000 to **\$12,000**.

How Does An Employer Use WOTC ? When an employer believes that a prospective employee meets the qualifications for WOTC, the employer may make a job offer to that individual. On or prior to the date the job offer is made, the employer must complete and sign a Pre-Screening Notice and Certification Request for Work Opportunity Credit (**IRS 8850**) and an Individual Characteristics Form (**ETA 9061**); Submit these forms to the Employment Security Commission. **This information must be postmarked not later than 28 days** after the individual begins work for the employer for the Tax Credit to be utilized.

Targeted Groups

- **Temporary Assistance to Needy Families (TANF)**
- A individual must have received, or be a member of a family that received TANF benefits for at least **9** months during the **18** month period ending on the hiring date.
- **Veteran\ (Disabled Veteran- 10%)**— a veteran and member of a family that received food stamps for a least **3** of the **15** months preceding the date of hire.
- **Ex-Felon**—a person convicted of a felony and has a hiring date which is not more than one (1) year after the last date on which he/she was convicted or was released from prison. Economic eligibility is no longer required.
- **Vocational Rehabilitation Recipient**—a person with a disability who has received or is receiving vocational rehabilitation from a rehabilitation agency approved by the state or Department of Veteran Affairs.
- **Food Stamp Recipient**—a person who is at least **18** through **39** years of age and is a member of a family that has received food stamps for the last 6 months; or received food stamps for at least 3 of the last 5 months, and is no longer receiving them.
- **SSI Recipient**—a person receiving Supplemental Security Income benefits for any month during the 60 days preceding the date of hire.
- **Designated Community Resident**—a person age **18** through **39** and principal residence in an Empowerment Zone, Renewal Community, Rural Renewal County.
- **Summer Youth**—a person at least **16** but not yet **18** on the hiring date and who has a principal residence in an Empowerment Community or Enterprise Zone.
- **Long-Term Family Assistance**—a member of a family that received TANF/AFDC for at least **18** consecutive months or whose benefits expired after **8-5-1997** and who have a hire date that is not more than **two (2)** years after their eligibility expired.

NOTICE TO EMPLOYERS

Applying For WOTC Certification—the employer must complete IRS Form **8850**, “Pre-Screening Notice and Certification Request” and the ETA Form **9061**, “Individual Characteristic Form” by the date of the job offer. **The ETA Form 9062 is to be only used and completed by the State Workforce Agency’s (SWAs)**. Certification Request must be received through the mail with the original signatures and original dates. They are to be mailed to: Oklahoma Employment Security Commission, **Attn: WOTC UNIT, P.O. Box 52003, Oklahoma City, Ok 73152-2003**.

Eligibility Process—once you have returned the completed forms to the Oklahoma Employment Security Commission, an eligibility determination will be made based on a review of the information and documentary evidence you have supplied us. If the employee is determined to be eligible, a Certification will be issued and mailed to you.

Who Doesn’t Qualify—(1) No tax credit can be claimed for wages paid to relatives.—(2) No tax credit can be claimed for federally subsidized on-the-job-training. However, wages paid after the subsidy expires can qualify for the credits.—(3) Any individual who previously worked for the employer and who is not a qualified re-hire.

Oklahoma Employment Security Commission

Attn: WOTC UNIT
P. O. Box 52003
Oklahoma City, OK 73152-2003

Phone: 405-557-7128
Fax: 405-557-7105
E-mail: debra.roseburr@oesc.state.ok.us
Jeanne.pectol@oesc.state.ok.us