

Work Opportunity TAX CREDIT

WOTC AN EMPLOYER- FRIENDLY BENEFIT

WOTC is an employer-friendly benefit that requires little paperwork and reduces an employer's cost of doing business.

WOTC was created to provide employers with a federal tax credit as an incentive to hire job seekers who traditionally face significant barriers to employment.

WOTC is one of the number of services and programs provided free of charge to employers by your local Workforce Center.



WOTC - Work Opportunity Tax Credit
Created by the Small business Job Protection Act of 1996. Legislative authority for the WOTC program expired December 31, 2005. Congress has reauthorized and extended the WOTC program through December 31, 2007.

Oklahoma Employers Save Thousands
During fiscal year 2005, the potential savings for Oklahoma employers was \$19,874,400.00.

WOTC - Program Integrity

Program integrity remains a primary objective of the Oklahoma Employment Security Commission and SWA's. The quality control and flexibility to apply the documentation and verification activities in a manner that is reasonable and consistent with states' resources and the legislative intent of the tax credit is our primary goal.

Oklahoma Employment Security Commission

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**Oklahoma Employment
Security Commission**



WORK OPPORTUNITY TAX CREDIT



**A Tax Credit that works
for the Employer and
Job Seeker**

LET'S GET WORKING

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 **\$450** 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**.

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 (**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.
- **Veterans**— 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 within the past year was either convicted or released from prison. Revised **2007** guidelines remove “**economic eligibility determination based on family income**”.
- **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 **40** 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.
- **High Risk Youth**—a person age **18** through **24** who has a principal residence in an Empowerment Community or Enterprise Zone.
- **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 **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.

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