




Work Opportunity Tax Credit (WOTC)



**Everything you ever
wanted to know
about WOTC....**



**Don't want to know
everything?**

**Here are
the basics...**

The Legislative Background

**The Work Opportunity Tax Credit (WOTC) Program
was created by *the Small Business Job Protection
Act of 1996.***

It's a federal tax credit incentive created to:

**Encourage private sector employers to create jobs
and training opportunities for disadvantaged individuals
from *12 target groups* that encounter significant barriers
to employment.**

Here are the 12 groups:

- 1. Long term Temporary Assistance for Needy Families (TANF) recipients**
- 2. Other TANF recipients**
- 3. Veterans**
- 4. 18-39 year old Food Stamp recipients**
- 5. 18-39 year old Designated Community Residents**
- 6. 16-17 year old summer youth**

- 7. Vocational Rehab Referrals**
- 8. Ex-felons**
- 9. SSI Recipients**
- 10. Hurricane Katrina Employee (the IRS handles this group)**
- 11. Unemployed Veterans**
- 12. Disconnected Youth**

The Consolidated WOTC Program...

WOTC focuses on: *basic entry-level skills training, long-term employment, and retention.*

Who Qualifies for the WOTC Program?

- ✓ Newly hired employees who have not worked for the employer in the past.

Who Does Not Qualify for WOTC?

- ✓ Relatives, dependants of the employer
- ✓ The majority owner of the business

The WOTC Program is available for targeted groups of job seekers who first start work on or before Aug. 31, 2011

Tax Credit Benefits...

**Claiming the WOTC is subject to
an employer meeting the
“Minimum Employment or Retention Period”
as follows:**

TIER 1:

WOTC is equal to 25% of “qualified” first (1st) -year’s wages if the “new hire” worked at least 120 hours.

TIER 2:

WOTC is equal to 40%, “qualified” 1st -year. wages, if the “new hire” worked at least 400 hours or more.

How Do Employers Apply for WOTC?

There are two forms employers must complete for each new hire:

- **IRS Form 8850:** *“Pre-Screening Notice and Certification Request”* This *Must be submitted with ORIGINAL employer and employee signatures and dates (no exceptions).*
- **ETA Form 9061** – *“Individual Characteristics Form”*
- *Both forms, and full instructions are on the VEC web page:*

<http://www.vec.virginia.gov/vecportal/employer/pdf/aboutwotc.pdf>

What Does Timely Filing Mean?

To be considered timely, the **IRS Form 8850**, and the **ETA 9061** must be submitted to the VEC **not later than the 28th calendar day** * following the new employee's 'employment-start date.'

*** Note:** *When the last day of the 28 calendar day period ends **on a Saturday, Sunday or holiday**, the next succeeding business day will be treated as the last day of the period (the 28th day).*

QUESTIONS?

Log on to VaEmploy.Com

Click on the 'Employer' page,

Click the 'WOTC' link, or contact

The WOTC Unit

804-786-2887