

Employer Tax Credits

Work Opportunity Tax Credit



Three Simple Steps to Certification

Before employers can claim WOTC credits on their federal tax returns, they must first apply for and receive certification from the Ohio Department of Job and Family Services (ODJFS) confirming that each new hire is a member of one of the nine target groups. To apply for certification, employers must:

1. Complete the one-page, two-sided IRS Form 8850, "Pre-Screening Notice and Certification Request for the Work Opportunity and Tax Credits," by the date of the job offer. This form can be found at www.irs.ustreas.gov/.
2. Complete the one-page U.S. Department of Labor ETA Form 9061, "Individual Characteristics Form." This form can be found at www.doleta.gov/business/incentives/opp/tax.
3. Mail the signed and dated IRS and ETA forms, along with any documentation requested on the forms, no later than 28 calendar days after the new hire's start-to-work date to:

**ODJFS Office of Workforce Development,
WOTC Section
P.O. Box 1618
Columbus, Ohio 43216-1618**

Additional Information

For more information about the WOTC program, visit <http://www.jfs.ohio.gov/wotc>.

To ask questions or get help submitting WOTC tax credit requests, call (614) 644-0966 or email wotc_contact@odjfs.state.oh.us.

For tax-related questions, call the Internal Revenue Service at (202) 622-6080.

Other Contact Information

Border State WOTC Coordinators:

Indiana

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Ohio Department of Job and Family Services
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An Equal Opportunity Employer and Service Provider

The Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) program provides employers with a federal tax credit when they hire individuals from nine categories of disadvantaged job seekers. Tax credits range from \$1,200 to \$9,000. Use of the WOTC has substantially increased in recent years as Congress has expanded several target groups' requirements, increased the tax credit for certain groups and introduced new flexible filing provisions. By participating in the WOTC program, employers can still make their own hiring decisions. They can hire as many eligible employees as they want, with a minimal amount of paperwork.

The Nine Groups of Eligible Job Seekers

- 1. TANF Recipient** — Member of a family receiving Temporary Assistance for Needy Families (TANF) for any nine of the 18 months ending on the hire date.
- 2. Long-Term TANF Recipient** — Member of a family that received TANF for at least 18 consecutive months ending on the hire date or whose family received TANF for at least 18 months after August 5, 1997, or whose TANF eligibility expired after August 5, 1997.
- 3. 18- to 40-Year-Old Food Assistance Recipient** — Member of a family that received Food Assistance for at least the last six months ending on the hire date or for at least three of the five months ending on the hire date.

4. Veteran — Served on active duty in the U.S. Armed Forces for more than 180 days and a member of a family receiving Food Assistance for at least 3 of the last 15 months, ending on the hire date, **or** entitled to compensation for a service-connected disability and with a hire date not more than a year after being discharged, **or** with periods of unemployment totaling six or more months during the one-year period ending on the hire date.

5. Designated Community Resident — At least 18 years old but younger than 40 on the hire date and living in a federally designated Empowerment Zone (EZ) or Rural Renewal County (Crawford, Monroe, Paulding, Seneca or Van Wert counties).

6. Summer Youth Employee — At least 16 years old but not yet 18 on the hire date; performing a service for the employer between May 1 and September 15; and living in an EZ.

7. Vocational Rehabilitation Referral — An individual who has a physical or mental disability resulting in a handicap to employment, and referred to the employer upon completion of, or while receiving services under, a state plan for vocational rehabilitation services, **or** a "ticket holder" under the Ticket to Work Program who has an Individual Work Plan (IWP) developed and implemented by an Employment Network pursuant to subsection (g) of section 1148 of the Social Security Act.

8. Ex-Felon — An individual convicted of a felony and hired within one year of his or her conviction date or release from prison.

9. SSI Recipient — An individual who received Supplemental Security Income (SSI) benefits for any month within the 60-day period ending on the date of hire.

How to Calculate the WOTC

For most target groups, the WOTC is based on *qualified wages* paid to the employee for the *first year of employment*. In most cases the credit is 25 percent of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours, and 40 percent for those employed 400 hours or more, with qualified wages capped at \$6,000. The following are some exceptions:

For **Long-Term TANF Recipients**, first-year wages are capped at \$10,000. The WOTC is also available for the employee's qualified second-year wages, also capped at \$10,000. The credit is 40 percent of qualified first-year wages and 50 percent of qualified second-year wages, for a maximum two-year credit of \$9,000.

For **Disabled Veterans**, first-year wages are capped at \$12,000; the tax credit may be up to \$4,800.

For **Summer Youth Employees**, wages are capped at \$3,000.

Who Doesn't Qualify

No tax credit can be claimed for wages paid to relatives.

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.