WOTC - Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) was created by the Small Business Job Protection Act of 1996. Employers can carry the credit back one year or forward up to 20 years in order to apply it to a year in which they do have a tax liability.

Oklahoma Employers Save Thousands

There is the potential for a tremendous savings for Oklahoma employers who utilize the WOTC Program Tax Credit.

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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**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.” The tax saving to employers for hiring Veterans can range from $2,400 to $9,600 depending on the Target Group.

How Does An Employer Use WOTC?

When an employer believes that a prospective employee meets the qualifications for WOTC, on or prior to the date the job offer is made, the employer must complete and sign a Pre-Screening Notice (IRS 8850) and Certification Request for Work Opportunity Credit 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)** - An 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 \(\geq 10\% +\) Disabled Veterans**—a member of a family that received food stamps for a least 3 of the 15 months preceding the date of hire. Periods of unemployment. Several categories of eligibility.
- **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.
- **Long-Term Unemployed Recipient**—individuals who are in a period of unemployment that is (not less than 27 consecutive weeks) and include a period (which may be less that 27 weeks) in which the individual received unemployment compensation.

**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 can be entered online or may be received through the US Postal Service. Mail 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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