

Employer WOTC Information

If you are hiring, or have hired an individual within the last 28 days you might be able to save big time with the **Work Opportunity Tax Credit (WOTC)**. Check with your new hire, if they fall under one of these categories, give us a ring at the Next Generation Zone, and we will help you with your tax savings paperwork.



Work Opportunity Tax Credit Checklist:	
Population	Savings***
	Tier 1 (25%) – Tier 2 (40%)
• Disabled Veterans (\$12,000)	\$3,000 – 4,800
• Long-Term Family Assistance Recipients (\$10,000)	\$2,500 – 4,000
○ Long Term TANF (2 nd Year) 50%	\$5,000
• Unemployed Veterans (\$10,000)	\$2,500 – 4,000
• Disconnected Youth (16-24) (\$6,000)	\$2,500 – 4,000
• TANF Recipients (\$6,000)	\$1,500 – 2,400
• Supplemental Security Income (SSI) Recipients (\$6,000)	\$1,500 – 2,400
• Food Stamp Recipients (\$6,000)	\$1,500 – 2,400
• Person with a Disability (\$6,000)	\$1,500 – 2,400
• Designated Community Residents (DCR) (\$6,000)	\$1,500 – 2,400
• Ex-Felons (\$6,000)	\$1,500 – 2,400
• Summer Youth (16-17) (\$3,000)	\$ 750 – 1,200
• Vocational Rehabilitation Referrals (\$6,000)	\$1,500 – 2,400

Tier 1 – Employee worked 120-399 hours within the first year

Tier 2 – Employee worked 400+ hours within the first year

**Next Generation Zone
(509) 340-7800**

Tax Credit Examples



Bryn is 28 years old and lives in Okanogan County. She has been unemployed for 6 months and was hired on September 10th. What tax credits may she qualify the employer for?

- WOTC HIRE Payroll Exemption HIRE Retention None

Joe is a 16 year old living in Republic. He was hired on September 12th to work part time at the local grocery store. What tax credits may he qualify the employer for?

- WOTC HIRE Payroll Exemption HIRE Retention None

Frank was referred to services through DVR. He served three years in prison, but was released in 1998. He started work on September 16th. What tax credits may he qualify the employer for?

- WOTC HIRE Payroll Exemption HIRE Retention None

Carol is 30 years old and living in Spokane County. She worked at Les Schwab, but was recently hired at a local auto parts store. What tax credits may she qualify the employer for?

- WOTC HIRE Payroll Exemption HIRE Retention None

Sam is hired part time at McDonald's. This is his first job. He has been on SSI for several years. What tax credits may he qualify the employer for?

- WOTC HIRE Payroll Exemption HIRE Retention None

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Work Opportunity Tax Credit



The Work Opportunity Tax Credit (WOTC) offers a federal tax credit to employers as an incentive to hire people in specific target groups. Employers may lower their federal tax liabilities by up to \$2,400 on the first year or as much as \$9,000 in two years (long-term TANF only) per eligible new hire.

Who qualifies for WOTC?

- Temporary Assistance to Needy Families (TANF) recipients for 9 months in the last 18 months or long term TANF recipients for at least last 18 months
- Supplemental Nutritional Assistance Program (SNAP) recipients who are 18-39 years- old
- Veterans who:
 - Received SNAP for 3-months in the last 15 months
 - Received unemployment compensation for at least 4 weeks within one year before hired
 - Receives service connected disability compensation and is hired within one year from discharge or unemployed more than 6 months within one year from hired
- Ex-felon who is hired within one year from released date
- People with disabilities who are participating with Division of Vocational Rehabilitation (DVR) or Veterans Affairs (VA)
- Supplemental Security Income (SSI) recipients
- Disconnected Youth, whose age is 16-24,
 - Is not attending any school during last 6 months, and
 - Earned less than minimum wage in a 30 hours week during previous quarter, and
 - Do not have a high school diploma or a GED, or if received a diploma or a GED more than 6 months ago and did not hold a job or admitted to a college since receiving the certificate.

How does an Employer apply for WOTC certification?

Both employer and the new employee (that is a member of a target group) must complete **IRS form 8850 and ETA form 9061**. Employer must mail the original forms within 28-calendar days of the employee's job start date to request Certification to:

**Employment Security Department
WOTC Administrative Unit
P.O. Box 9046
Olympia, WA 98507-9046**

How can an Employer claim the Tax Credit?

An employer must use IRS form 5884 with their federal income tax return to claim credit for **WOTC certified employees**.

Applying the Tax Credit

The credit is usually applied to the employer's tax liability for the tax year in which the employee is hired. If the credit exceeds the current year's tax liability, the remaining credit may be applied to the previous year's tax liability or carried forward 20 years.

Additional Information Contact:

Internet: www.wa.gov/esd/wotc

WOTC Target Group Code, Definition & Documentation



Code	Target Groups	Definition	Documentation
A	TANF recipient	Applicant is a member of a family that has received TANF for any 9 of the last 18 months ending on the hiring date.	WOTC staff will verify eligibility
B	Veteran	A veteran who is a member of family that has received SNAP (food stamps) for at least 3 consecutive months within the last 15 months.	<ul style="list-style-type: none"> ▪ (DD214) ▪ Veterans Affairs discharge date verification
	Disabled Veteran	A veteran who is receiving disability benefit payments and 1) Hired within one year from discharge date, or 2) Unemployed more than 6 months within one year from the hire date	<ul style="list-style-type: none"> ▪ U.S. Veterans Affairs disability payment verification ▪ Veterans Affairs discharge date ▪ Wage Screen
C	Ex-Felon	Applicant is a convicted felon who was hired within 1 year from release date. <i>"Work Release Felons" are included</i>	<ul style="list-style-type: none"> ▪ Correctional institution records ▪ Parole/ probation office statement.
D	Designated Community Resident	The applicant is age between 18 and 39 and lives within an Enterprise Community or Renewal Community.	<ul style="list-style-type: none"> ▪ Copy of Driver's License. ▪ Copy of W-4
E	Vocational Rehabilitation referral	The applicant has an IWP (Individualized Written Plan) with the <ul style="list-style-type: none"> ▪ State DVR, ▪ Services for the Blind, ▪ Employment Network (EN) for Ticket Holders, or ▪ U.S. Department of Veterans Affairs. These applicants are eligible for 2 more years from their last VR services.	<ul style="list-style-type: none"> ▪ Statement from participation agency staff ▪ DVR Central office verification ▪ MAXIMUS for Ticket to Work
F	Summer Youth employee	The applicant is age 16 and 17 and hired and worked between May 1 and September 15, and lives in the Enterprise Community or Renewal Community	<ul style="list-style-type: none"> ▪ Copy of Driver's License. ▪ Copy of W-4
G	SNAP (Food Stamps) recipient	The applicant is age between 18 and 39 and is a member of a family that received SNAP for the last 6 months.	WOTC staff will verify the eligibility
H	Supplemental Security Income recipient (SSI)	The applicant must have received SSI for any month during the 60 days before the date of hire	<ul style="list-style-type: none"> ▪ SSI records through Social Security Administration
I	Long -Term TANF Recipient (2- year credit)	1) Applicant is a member of a family that has received TANF for the last 18 consecutive months ending on the hiring date; or 2) Has received TANF for a total of at least 18 months beginning August 1997 and hired within 2 years from the earliest 18 months period	WOTC staff will verify eligibility
J	Unemployed Veteran	A veteran who <ol style="list-style-type: none"> 1) Received unemployment compensation for at least 4 weeks within one year before hired, and 2) Discharged within 5 years 	<ul style="list-style-type: none"> ▪ DD214 ▪ Unemployment compensation history
K	Disconnected Youth	Age 16-24 years Within 6 months before hired, <ol style="list-style-type: none"> 1) Not attending any school, and 2) No HS diploma or GED, and 3) Earned less than \$3,335 during the previous Quarter. 4) If received HS diploma or GED more than 6 months ago, did not work or attended college since receiving it. 	<ul style="list-style-type: none"> ▪ Driver's License ▪ Youth Self - Attestation Form for 1), 2), and 4). WOTC staff will verify wages (3)

In partnership with the Spokane Area Workforce Development Council, the Next Generation Zone, a WorkSource Spokane Affiliate, is an equal opportunity employer and provider of employment and training services. Auxiliary aids are available upon request to persons with disabilities. TDD/TTY (509) 532-3084