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Work Opportunity Tax Credit

What is the Work Opportunity Tax Credit (WOTC)?

WOTC is a Federal tax credit available to employers who hire and retain employees from target groups in the community that consistently face significant barriers to employment.

How can this benefit my business?

Participating employers are compensated through a reduced federal income tax liability. A potential credit of \$1,200 to \$9,600 is available for each WOTC eligible hire. There is no limit to the number of WOTC eligible employees hired.

Why Now?

NEW Target Group – Long-term unemployed recipient which expands the number of potential employees that are eligible.

An amendment was passed for 2016 containing a provision adding long-term unemployed recipients to the target groups. A “long-term unemployed recipient” is defined as an individual who has been unemployed for not less than 27 consecutive weeks and received unemployment compensation for a period of time under State or Federal law.

Additional Eligible Target Groups:

Veterans – there are various categories for eligible Veterans including food stamp recipients, service connected disability, unemployment.

TANF Recipients – member of a family that received TANF (Temporary Assistance to Needy Families) for 9 or 18 month period ending on the hire date.

SNAP (Food Stamp) Recipients – member of a family that received food stamps for at least the 6 months period ending on the hire date.

Vocational Rehabilitation Referral – referred by Vocational Rehabilitation Agency approved by the state, while on or after completion of an individual employment plan.

Ex-felons – convicted of a felony or released from prison after a felony conviction during the year period ending on the hire date.

Supplemental Security Income Recipients – received SSI benefits for any month ending within 60 days of the hire date.



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How do I qualify to receive credit?

1. Have the potential new hire complete page one of IRS Form 8850 by the day of job offer. If the new employee indicates potential WOTC eligibility on page one of the Form, complete page 2. We recommend that this form be completed by all applicants.
2. Have the new hire complete ETA Form 9061 after they start.
3. Send both forms to your state Employment Department *within 28 days* of the employees start date.
4. The Employment Department will notify you with a determination of eligibility and certification.
5. At the end of the tax year, claim the credit on your WOTC certified employee(s) by completing IRS Form 5884.

For complete program guidelines and detailed instructions on how to apply for the WOTC tax credit, please visit your state Employment Department website. Oregon employers – www.oregon.gov. California employers – www.edd.ca.gov.

We encourage you to contact our office for assistance if you think you may be able to take advantage of this business tax credit. For more information on this and other tax savings topics, visit our website at www.musseraccounting.com.

A Tax Savings Tip From

Musser Olsen P.C.

Pre-Screening Notice and Certification Request for the Work Opportunity Credit

OMB No. 1545-1500

► Information about Form 8850 and its separate instructions is at www.irs.gov/form8850.

Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.

Your name _____ Social security number ► _____

Street address where you live _____

City or town, state, and ZIP code _____

County _____ Telephone number _____

If you are under age 40, enter your date of birth (month, day, year) _____

- 1 Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.
- 2 Check here if **any** of the following statements apply to you.
 - I am a member of a family that has received assistance from Temporary Assistance for Needy Families (TANF) for any 9 months during the past 18 months.
 - I am a veteran and a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the past 15 months.
 - I was referred here by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.
 - I am at least age 18 but **not** age 40 or older and I am a member of a family that:
 - a. Received SNAP benefits (food stamps) for the past 6 months; **or**
 - b. Received SNAP benefits (food stamps) for at least 3 of the past 5 months, **but** is no longer eligible to receive them.
 - During the past year, I was convicted of a felony or released from prison for a felony.
 - I received supplemental security income (SSI) benefits for any month ending during the past 60 days.
 - I am a veteran and I was unemployed for a period or periods totaling at least 4 weeks but less than 6 months during the past year.
- 3 Check here if you are a veteran and you were unemployed for a period or periods totaling at least 6 months during the past year.
- 4 Check here if you are a veteran entitled to compensation for a service-connected disability and you were discharged or released from active duty in the U.S. Armed Forces during the past year.
- 5 Check here if you are a veteran entitled to compensation for a service-connected disability and you were unemployed for a period or periods totaling at least 6 months during the past year.
- 6 Check here if you are a member of a family that:
 - Received TANF payments for at least the past 18 months; **or**
 - Received TANF payments for any 18 months beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended during the past 2 years; **or**
 - Stopped being eligible for TANF payments during the past 2 years because federal or state law limited the maximum time those payments could be made.
- 7 Check here if you are in a period of unemployment that is at least 27 consecutive weeks and for all or part of that period you received unemployment compensation.

Signature—All Applicants Must Sign

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ► _____

Date _____

For Employer's Use Only

Employer's name _____ Telephone no. _____ EIN ▶ _____

Street address _____

City or town, state, and ZIP code _____

Person to contact, if different from above _____ Telephone no. _____

Street address _____

City or town, state, and ZIP code _____

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 6) ▶ _____

Date applicant:
Gave information _____ Was offered job _____ Was hired _____ Started job _____

Under penalties of perjury, I declare that the applicant provided the information on this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group. I hereby request a certification that the individual is a member of a targeted group.

Employer's signature ▶ _____ Title _____ Date _____

Privacy Act and Paperwork Reduction Act Notice
Section references are to the Internal Revenue Code.
Section 51(d)(13) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's federal tax return. Completion of this form is voluntary and may assist members of targeted groups in securing employment. Routine uses of this form include giving it to the state workforce agency (SWA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and

criminal litigation, to the Department of Labor for oversight of the certifications performed by the SWA, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.
You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . 6 hr., 27 min.
Learning about the law or the form 24 min.
Preparing and sending this form to the SWA 31 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on "More Information" and then on "Give us feedback." Or you can send your comments to:
Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224
Do not send this form to this address. Instead, see When and Where To File in the separate instructions.



1. Control No. (For Agency use only)	APPLICANT INFORMATION (See instructions on reverse)		2. Date Received (For Agency Use only)
EMPLOYER INFORMATION			
3. Employer Name	4. Employer Address and Telephone	5. Employer Federal ID Number (EIN)	
APPLICANT INFORMATION			
6. Applicant Name (Last, First, MI)	7. Social Security Number	8. Have you worked for this employer before? Yes ___ No ___ If YES, enter last date of employment: _____	
APPLICANT CHARACTERISTICS FOR WOTC TARGET GROUP CERTIFICATION			
9. Employment Start Date	10. Starting Wage	11. Position	
12. Are you at least age 16, but under age 40? If YES, enter your <i>date of birth</i> _____			Yes ___ No ___
13. Are you a Veteran of the U.S. Armed Forces? If NO, go to Box 14. If YES, are you a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (Food Stamps) for at least 3 months during the 15 months before you were hired? If YES, enter name of <i>primary recipient</i> _____ and <i>city and state</i> where benefits were received _____.			Yes ___ No ___
OR, are you a veteran entitled to compensation for a service-connected disability? If YES, were you discharged or released from active duty within a year before you were hired? OR, were you unemployed for a combined period of at least 6 months (whether or not consecutive) during the year before you were hired?			Yes ___ No ___
14. Are you a member of a family that received Supplemental Nutrition Assistance Program (SNAP) (formerly Food Stamps) benefits for the 6 months before you were hired? OR, received SNAP benefits for at least a 3-month period within the last 5 months But you are no longer receiving them? If YES to either question, enter name of <i>primary recipient</i> _____ and <i>city</i> And <i>state</i> where benefits were received _____.			Yes ___ No ___
15. Were you referred to an employer by a Vocational Rehabilitation Agency approved by a State? OR, by an Employment Network under the Ticket to Work Program? OR, by the Department of Veterans Affairs?			Yes ___ No ___ Yes ___ No ___ Yes ___ No ___
16. Are you a member of a family that received TANF assistance for at least the last 18 months			

before you were hired? Yes ___ No ___

OR, are you a member of a family that received TANF benefits for **any** 18 months beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended within 2 years before you were hired? Yes ___ No ___

OR, did your family stop being eligible for TANF assistance within 2 years before you were hired because a Federal or state law limited the maximum time those payments could be made? Yes ___ No ___

If NO, are you a member of a family that received TANF assistance for any 9 months during the 18-month period before you were hired? Yes ___ No ___

If YES, to any question, enter name of *primary recipient* _____ and the *city and state* where benefits were received _____.

17. Were you convicted of a felony or released from prison after a felony conviction during the year before you were hired? Yes ___ No ___

If YES, enter *date of conviction* _____ and *date of release* _____.

Was this a Federal ___ **or a State conviction** ___? (Check one)

18. Do you live in an Empowerment Zone or Rural Renewal County (RRC)? Yes ___ No ___

19. Do you live in an Empowerment Zone and are at least age 16, but not yet 18, on your hiring date? Yes ___ No ___

20. Did you receive Supplemental Security Income (SSI) benefits for any month ending within 60 days before you were hired? Yes ___ No ___

21. Are you a veteran unemployed for a combined period of at least 6 months (whether or not consecutive) during the year before you were hired? Yes ___ No ___

22. Are you a veteran unemployed for a combined period of at least 4 weeks but less than 6 months (whether or not consecutive) during the year before you were hired? Yes ___ No ___

23. Are you an individual who is or was in a period of unemployment that is at least 27 consecutive weeks the day before you began to work for the employer, or if earlier, the day you completed IRS Form 8850, the Prescreening Form? Yes ___ No ___

If YES, did you receive unemployment compensation/benefits under State or Federal law during a period of unemployment? Yes ___ No ___

24. **Sources used to document eligibility:** (Employers/Consultants: List all documentation provided or forthcoming. For SWA Staff: List all documentation used in determining target group eligibility and enter your initials and date when the determination was made.

I certify that this information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification.

25(a). Signature: (See instructions in Box 25.(b) for who signs this signature block)	25.(b) Indicate with a ✓ mark who signed this form: <input type="checkbox"/> Employer, <input type="checkbox"/> Consultant, <input type="checkbox"/> SWA, <input type="checkbox"/> Participating Agency, <input type="checkbox"/> Applicant, or <input type="checkbox"/> Parent/Guardian (if applicant is a minor)	26. Date:
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INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061. This form is used together with IRS Form 8850 to help state workforce agencies (SWAs) determine eligibility for the Work Opportunity Tax Credit (WOTC) Program. The form may be completed, on behalf of the applicant, by: 1) the employer or employer representative, the SWA, a participating agency, or 2) the applicant directly (if a minor, the parent or guardian must sign the form) and signed (Box 25a.) by the individual completing the form. This form is required to be used, without modification, by all employers (or their representatives) seeking WOTC certification. Simply complete, sign, and submit this form together with IRS Form 8850 to the SWA. For new hires that begin to work for an employer on or after January 1, 2015, and on or before May 31, 2016, this form can be completed, signed, and submitted together with IRS Form 8850 to the SWA by June 29, 2016. For new hires with an employment start date on or after June 1, 2016, employers must meet the 28-day timely filing requirement. The WOTC *Employer Certification* will be sent to you, if all statutory target group eligibility and timely filing requirements have been met.

Boxes 1 and 2. **SWA.** For agency use only.

Boxes 3-5. **Employer Information.** Enter the name, address including ZIP code, telephone number, and employer Federal ID number (EIN) of the employer requesting the certification for the WOTC. Do not enter information pertaining to the employer's representative, if any.

Boxes 6-11. **Applicant Information.** Enter the applicant's name and social security number as they appear on the applicant's social security card. In Box 8, indicate whether the applicant previously worked for the employer, and if Yes, enter the last date or approximate last date of employment. This information will help the "48-hour" reviewer to, early in the verification process, eliminate requests for former employees and to issue denials to these type of requests, or certifications in the case of "qualifying rehires" during valid "breaks in employment" (see pages III-12 and III-13, Nov. 2002, Third Ed., ETA Handbook 408) during the first year of employment.

Boxes 12-23. **Applicant Characteristics.** Read questions carefully, answer each question, and provide additional information where requested.

The Protecting Americans from Tax Hikes Act of 2015 retroactively reauthorized current target groups for a 5-year period, January 1, 2015 through December 31, 2019, and extended the Empowerment Zones designations for a two-year period, January 1, 2015 through December 31, 2016. The Act introduced a new target group, Qualified Long-term Unemployment Recipient (LTUR), for new hires that begin to work for an employer on or after January 1, 2016 – December 31, 2019, see Box 23. For guidance see IRS Relief Period in TEGL No. 25-15 and IRS Notice 2016-22.

Box 24 **Sources to Document Eligibility.** The applicant or employer is requested to provide documentary evidence to substantiate the YES answers in Boxes 12 - 23. List or describe the documentary evidence that is attached to the ICF or that will be provided to the SWA. Indicate in parentheses next to each document listed whether it is attached (A) or forthcoming (F). Some examples of acceptable documentation are provided below. A letter from the agency that administers a program may be furnished specifically addressing the question to which the applicant answered YES. For example, if an applicant answers YES to either question in Box 14 and enters the name of the primary recipient and the city and state in which the benefits were received, the applicant could provide a letter from the appropriate SNAP (formerly Food Stamp) agency stating to whom SNAP benefits were paid, the months for which they were paid, and the names of the individuals included on the grant for each month. SWAs use this box to list the sources used to verify target group eligibility, followed with their initials and the date the determination was completed.

Description of Examples of Documentary Evidence and Collateral Contacts. Employers/Consultants: You may check with your SWA to find out what other sources you can use to prove target group eligibility. (You are encouraged to provide copies of documentation or names of collateral contacts for each question for which you answered YES.)

QUESTION 12

- Birth Certificate or Copy of Hospital Record
- Driver's License
- School I.D. Card¹
- Work Permit¹
- Federal/State/Local Gov't I.D.¹

QUESTION 13

- DD-214 or Discharge Papers
- Reserve Unit Contacts
- Letter of Separation or other agency documents issued only by the Department of Veterans Affairs (DVA) on DVA Letterhead certifying the Veteran has a service-connected disability and signed by the individual who verified this information.

QUESTIONS 14 & 16

- TANF/SNAP (Food Stamp) Benefit History or Case Number Identifier
- Signed statement from Authorized Individual with a specific description of the months benefits that were received

QUESTION 15

- Vocational Rehabilitation Agency Contact
- Veterans Administration for Disabled Veterans
- Signed letter of separation or related document from authorized Individual on DVA letter head or agency stamp with specific description of months benefits were received.
- **For SWAs:** To determine *Ticket Holder* (TH) eligibility, Fax page 1 of Form 8850 to MAXIMUS at: 703-683-1051 to verify if applicant: 1) is a TH, and 2) has an Individual Work Plan from an Employment Network.

QUESTION 17

- Parole Officer's Name or Statement
- Correction Institution Records
- Court Records Extracts

QUESTION 18 & 19

- To determine if a Designated Community Resident lives in a RRC, visit the site: www.usps.com. **Click on Find Zip Code; Enter & Submit Address/Zip Code; Click on Mailing Industry Information; Download and Print the Information**, then compare the county of the address to the list in the January 2012 Instructions to IRS 8850.
- To determine if the DCR or a Summer Youth lives in an Empowerment Zone, check the most current instructions to IRS Form 8850, or visit the US. Department of Housing and Urban Development's "locator" at: <http://egis.hud.gov/ezrlocator>.

QUESTION 20

- SSI Record or Authorization
- SSI Contact
- Evidence of SSI Benefits

QUESTIONS 21, 22

- Unemployment Insurance (UI) Claims Records
- UI Wage Records

QUESTION 23

- UI Wage Records
- UI Claims Records
- Self-Attestation Form

QUESTION 24

- **Employers/Representatives:** List All sources used and provided to the SWA to document target group eligibility. **SWA Staff:** List all documentation used to determine/verify eligibility in the target group requested by the employer/rep., to reach the final determination.

Notes:

1. Where a Federal/State/Local Gov't., School I.D. Card, or Work Permit does not contain age or birth date, another valid document must be obtained to verify an individual's age.
2. ESPL No. 05-98, dated 3/18/98, officially rescinded the authority to use Form I-9 as proof of age and residence. **Therefore, the I-9 is no longer a valid piece of documentary evidence.**

Box 25.(a) **Signature.** The person who completes the form signs the signature block.

Box 25(b) **Signature Options.** (a) Employer or Authorized Representative, (b) SWA staff, (c) Participating Agency staff, or (d) Applicant (If applicant is a minor, the parent or guardian must sign).

Box 26. **Date.** Enter the month, day and year when the form was completed.

Persons are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. Respondent's obligation to reply to these questions is required to obtain and retain benefits per law 104-188. Public reporting burden for this collection of information is estimated to average 20 minutes per response including the time for reading instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing burden to the U.S. Department of Labor, Employment and Training Administration, Division of National Programs, Tools, and Technical Assistance, 200 Constitution Ave., NW, Room C-4510, Washington, D.C. 20210 (Paperwork Reduction Project Control No. 1205-0371).

(Cut along dotted line and keep in your files)

TO: THE JOB APPLICANT OR EMPLOYEE,

Privacy Act Statement: *The Internal Revenue Code of 1986, Section 51, as amended and its enacting legislation, P.L. 104-188, specify that the State Workforce Agencies are the "designated" agencies responsible for administering the WOTC certification procedures of this program. The information you have provided completing this form will be disclosed by your employer to the State Workforce Agency. Provision of this information is voluntary. However, the information is required for your employer to receive the federal tax credit. IF THE INFORMATION YOU PROVIDE IS ABOUT A MEMBER OF YOUR FAMILY, YOU SHOULD PROVIDE HIM/HER A COPY OF THIS NOTICE.*