

## WHO DOES NOT QUALIFY

- No tax credit can be claimed for wages paid to relatives.
- Any employer who does NOT pay federal income tax.
- No tax credit can be claimed for federally subsidized on-the-job training. However, wages paid after the subsidy expires can qualify for the credit.
- Rehires

## WHAT'S NEW IN 2007

- √ The postmark requirement for submitting the WOTC request increased from 21 to 28 days.
- √ The Welfare-to-Work credit was combined with the Work Opportunity Credit.
- √ Ex-felons are no longer required to be a member of a low-income family.
- √ Increased age eligibility on Food Stamp target group from 18-24 year olds to 18-39 year olds.

The Tax Relief and Health Care Act of 2006 extended the work opportunity and welfare-to-work credits through December 31, 2007.

This brochure is intended as a general description and is not legally binding.



Mail IRS Form 8850 & ETA-9061 forms to:

SC Employment Security Commission  
ATTN: WOTC Unit  
P.O. Box 1406  
Columbia, SC 29202

803-737-2588

The required IRS Form 8850 and ETA-9061 forms are also available at [www.uses.doleta.gov/wotcdata.cfm](http://www.uses.doleta.gov/wotcdata.cfm)

Once certified and minimum required hours are met, the employer can claim any tax credit accumulated on their federal tax return using **IRS Form 5884**, Work Opportunity Tax Credit.

An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

Program funded through US Department of Labor

# Work Opportunity Tax Credit

**10** Ways

Employers Can Earn  
Federal Income Tax  
Credits

**Employers:**

Employer-Friendly Benefits for  
Hiring Job Seekers Most in Need  
of Employment

How to Earn Tax Credits for New Hires

How to Apply for the Tax Savings

Where to Get More Information

## WORK OPPORTUNITY TAX CREDIT PROGRAM

WOTC – Federally-funded tax credit program designed to provide incentive for employers to hire individuals with barriers to employment.

### Work Opportunity Tax Credit in \$\$ & Sense

Maximum credit of **\$2400** for each qualifying hire.

40% of first-year wages when employed 400 hrs or more. Reduces to 25% for those employed less than 400 but at least 120 hrs. Qualified wages capped at \$6,000.

\*\* Exceptions-- Long-term Family Assistance Recipient  
-- Summer Youth

\*\*Long-term Family Assistance Recipient- Two year credit with 1st and 2nd year qualified wages each capped at \$10,000. Second year credit increases to 50% of qualified wages. Maximum credit of **\$9,000** for each qualifying hire.

\*\*Summer Youth-

Maximum credit of **\$750**, 25% of first year wages. Qualified wages capped at \$3,000

- **Employers make the hiring decision**
- **Unlimited number of qualified hires**
- **Minimal paperwork required**

**\*Requests must be postmarked within 28 days of the employee start date.**

## HIRE FROM AMONG THESE GROUPS OF JOB SEEKERS

**AFDC/TANF recipient:** Received AFDC/TANF 9 of the last 18 months.

**VETERAN:** Military Veteran who received Food Stamps 3 consecutive months in the last 15 months.

**FOOD STAMP recipient:** 18-39 year-old who received Food Stamps 6 consecutive months prior to & including the hire month or able-bodied adult without dependents who received Food Stamps 3 consecutive months in the past 5 months, but no longer receiving them.

**EZ-EC-RC resident:** 18-24 year-old residing in a federally-designated Empowerment Zone, Enterprise Community or Renewal Community. \*\*\*

**SUMMER YOUTH:** 16-17 year-old EZ/EC/RC resident hired between May 1<sup>st</sup> thru Sept. 15<sup>th</sup>.

**VOCATIONAL REHABILITATION referral:** Individual who is completing rehabilitation services through SC Vocational Rehabilitation, Dept. of Veteran Affairs or SC Commission for the Blind on the date of hire or successfully completed within 2 years prior to the hire date.

**EX-FELON:** Convicted felony offender hired within one year of conviction or release date or during Work-Release program participation.

**SSI recipient:** Individual who received Supplemental Security Income benefits for any month during the 60 days prior to the hire date.

**TICKET-TO-WORK participants:** SSI or SSDI recipients who are currently Ticket-To-Work participants or who completed the program with an individual work plan.

**Long-term Family Assistance Recipient:** Long-term AFDC/TANF recipient.

## APPLYING FOR TAX CREDIT CERTIFICATION

The South Carolina Employment Security Commission **must** certify the Work Opportunity and Welfare-to-Work tax credits before employers can claim them on their federal tax return.

**To apply for certification, an employer must complete and submit:**

■ **IRS Form 8850**, "Pre-Screening Notice & Certification Request for the Work Opportunity and Welfare-to-Work Credit" can be used to pre-screen potential employees. Ask the applicant to complete and sign the front of this form. Upon hire of a potential target group member, the employer must complete and sign the back of this form.

■ **ETA Form 9061**, "Individual Characteristics Form", must be completed and signed by the employee or employer.

■ **THEN, MAIL** the original signed forms to the **SC WOTC Unit** postmarked no later than **28 days** after the start date. (Only those requests indicating potential target group eligibility should be mailed in.)

\*\*Documentation of Veteran, Vocational Rehabilitation, age & address for EZ-EC-RC residents also required to be submitted when applicable to the qualifying target group.

\*\*\* **EZ-RC-RC Address Locator** – <http://egis.hud.gov/egis/cpd/rcezec/welcome.htm>