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The Work Opportunity Tax Credit (WOTC) \$olution, 2012

Maine Department of Labor

Maine Bureau of Employment Services

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SOME EMPLOYEES DO NOT QUALIFY FOR THE WOTC...

- 1) Relatives or Dependents,
 - 2) Majority owners of the employer,
or
 - 3) Former employees.
-



THREE SIMPLE STEPS TO APPLY:

Employers apply for and receive a certification from their State Workforce Agency (SWA) that the new hire is a member of a target group before they can claim the Work Opportunity Tax Credit. To apply:

1. Complete page 1 of IRS Form 8850, *Pre-Screening Notice and Certification Request for the Work Opportunity Tax Credit*, by the date of the job offer; and page 2 after the individual is hired;

AND

2. Complete one of the following U.S. Department of Labor forms:

- ETA Form 9061, *Individual Characteristics Form*, if the new hire has not been given an ETA Form 9062; **or**
- ETA Form 9062, *Conditional Certification Form*, if provided to the job seeker by a Participating Agency, a SWA, or a Vocational Rehabilitation Agency;

AND

3. Mail the signed/dated IRS and ETA forms to the respective SWA:

- For Veteran hires made before May 22, 2012 - submit by June 19, 2012.
- For hires made on or after May 22, 2012 - submit not later than 28 calendar days after the new hire begins work.



For more information on where to apply or get the application forms, visit our Web site at:

<http://www.doleta.gov/wotc> or

IRS's Web site at:

<http://www.irs.gov/form8850>

Why is the WOTC a Great Opportunity for Employers?

The WOTC reduces an employer's cost of doing business and requires little paperwork. The success and growth of this income tax credit for private-sector businesses depends on a strong public- and private-sector partnership. Helping those in need find and retain *good jobs* and gain on-the-job experience benefits all employers and increases America's economic growth and productivity.

Contact Information:

WOTC Program Coordinator
Maine Department of Labor
55 State House Station
Augusta, Maine 04333-0055
Tel: 207-623-7981

TTY users call Maine Relay 711

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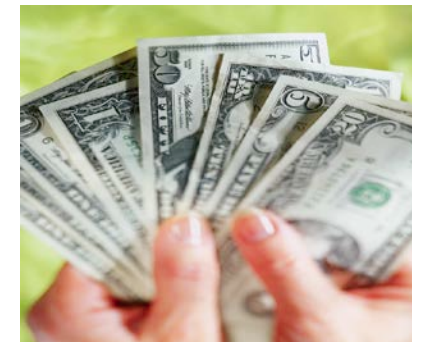
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The Work Opportunity Tax Credit (WOTC) \$OLUTION

EMPLOYERS:

8

Ways To Earn Federal Income Tax Credits For Your Companies...



U.S. Department of Labor
Employment and Training Administration

THE BOTTOM LINE

- Employers make the hiring decision.
- There is no limit to the number of new hires who can qualify the employer for the tax savings.
- There is minimal paperwork needed to claim the WOTC.

WHAT'S NEW?

The legislative authority for the WOTC program's non-veteran groups and Empowerment Zones (EZ) expired on December 31, 2011. Expiration of EZs eliminates *Summer Youth* as a target group.

The Veteran group was modified and expanded by the *VOW to Hire Heroes Act of 2011*. Currently, this is the only active group from which employers can hire, request a SWA certification and if eligible receive a certification. For Veterans, new hires must begin work on or after November 22, 2011 and before January 1, 2013.

Hiatus: Given that the non-veteran groups may be reauthorized based on legislative history for WOTC, employers may still submit certification requests for non-veteran groups to states. States will accept but not issue determinations until WOTC is reauthorized.

For additional WOTC information and materials, visit www.irs.gov/form8850 & www.doleta.gov/wotc.

HOW TO FIGURE THE WOTC...

The amount of the tax credit is based on a percentage of *qualified wages* paid to the new employee for *the first-year of employment only*. Generally, qualified wages are capped at \$6,000. The credit is 25% of qualified first-year wages for those employed at least 120 hours and 40% for those employed 400 hours or more. **For most target groups**, the WOTC can be up to \$2,400. **For Long-Term TANF Recipients**, the credit can be up to \$9,000, with qualified wages capped at \$10,000 for a combined 2-year period. **For Disabled Veterans**, the WOTC can be up to \$4,800 with qualified wages capped at \$12,000. For **Disabled Veterans unemployed for 6 months**, wages are capped at \$24,000 and the credit is up to \$9,600. For **Veterans unemployed for at least 6 months**, wages are capped at \$14,000 and the credit is up to \$5,600.

HIRE FROM AMONG THESE 8 GROUPS:

1. **Long-term TANF recipient*** - member of a family that: 1) received Temporary Assistance for Needy Families (TANF) payments for at least 18 consecutive months ending on the hiring date, **or** 2) received TANF payments for any 18 months beginning after August 5, 1997, and the earliest 18-month period ended during the past 2 years prior to the hiring date, **or** 3) stopped being eligible for TANF payments because Federal or State law limited the

maximum time those payments could be made, and the individual is hired not more than 2 years after such eligibility ended.

2. **Short-term TANF recipient*** - a family that received TANF payments for any 9 months during the 18-month period ending on the hiring date.

3. **Veteran*** - a veteran who is: 1) a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date, **or** 2) entitled to compensation for a service-connected disability hired within one year of discharge from active duty, **or** 3) entitled to compensation for a service-connected disability unemployed for a period totaling at least 6 months of the year ending on the hiring date, **or** 4) unemployed for at least 4 weeks (but less than 6 months) in the year ending on the hiring date, **or** 5) unemployed for at least 6 months in the year ending on the hiring date.

4. **18-39 Year-Old SNAP (food stamps) recipient*** - member of a family that received SNAP benefits (food stamps) for either the 6-month period ending on the hiring date, **or** for at least 3 of the 5 months ending on the hiring date in the case of a family member who ceased to be eligible for such assistance under Section 6(o) of the Food Stamp Act of 1977.

5. **18-39 Year-Old Designated Community resident** - individual who lives in a Rural Renewal County (RRC).

(**Note.** Renewal Communities expired on December 2010 and Empowerment Zones (EZs) expired on December 31, 2011.)

6. **Vocational Rehabilitation referral** - a person with a disability referred to the employer upon completion of or while receiving rehabilitative services from a state certified agency, an Employment Network under the Ticket-to-Work Program, or the U.S. Department of Veteran Affairs.

7. **Ex-Felon** - individual convicted of a felony and hired within one year after the date of the conviction or release from prison.

8. **SSI recipient** - individual who received Supplemental Security Income benefits for any month ending during the past 60-day period ending on the hiring date.

✂ **Tax-exempt organizations can now claim the WOTC for hiring veterans.**

👉 **Don't forget to visit the national website at: www.doleta.gov/wotc for updates on the current hiatus and potential reauthorization of the non-veteran target groups.**

**Based on the Internal Revenue Service's 2003 Revenue Ruling, members of four groups (i.e., Veteran; Short and Long-Term TANF and SNAP Recipient groups) need not receive the assistance/benefits for the entire period if the member was on the grant and thus received such assistance benefits for at least one day of the specified period (see TEGL #: 20-04, March 18, 2005).*

