

# Work Opportunity Tax Credit WOTC

## What is Work Opportunity Tax Credit?

The Work Opportunity Tax Credit (WOTC) is a federal income tax benefit administered by the U.S. Department of Labor, for private, for profit employers who hire from target populations. WOTC reduces a business' federal tax liability, serving as an incentive to select job candidates who may be somewhat disadvantaged in their efforts to find employment.

## How does the program help employers?

Hiring from a select group of qualified job seekers can mean direct federal tax savings to your business ranging from \$1,200 to \$9,000 per qualifying employee.

**For more information,  
visit our Web page:**

[www.twc.state.tx.us/svcs/wotc/wotc.html](http://www.twc.state.tx.us/svcs/wotc/wotc.html)

or

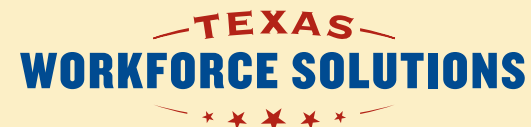
contact the  
Texas Workforce Commission  
1-800-695-6879.



“We want to encourage employers to benefit from this program by hiring from these valuable and worthy groups.”

– Tom Pauken  
Chairman, Texas Workforce Commission

**Federal Tax Savings Program  
Benefiting Employers  
and Job Seekers**



## How do employers take advantage of the tax savings?

“Our company saved \$114,000 on our federal income taxes last year by hiring 85 qualifying employees to work in our restaurants.”

Joseph Hicks,  
CPA,  
Wright Foods

1. Hire individuals from one or more of the identified target groups. You don't have to know what group your new-hire falls into, verification of eligibility will be done by TWC.

2. Complete IRS Form 8850 (Prescreening Notice and Certification Request) and ETA Form 9061 (Individual Characteristics Form).

3. Or complete IRS Form 8850 and ETA Form 9062 (Conditional Certification Form) provided to the job seeker by TWC or a participating agency.

Mail the two forms to:

**Texas Workforce Commission  
WOTC Unit  
101 E. 15th St. Room 202T  
Austin, Texas 78778-0001**

Forms must be postmarked within 28 days of the employee's start date.

All forms and instructions are available for download on the TWC Web site:

[www.twc.state.tx.us/svcs/wotc/wotc.html](http://www.twc.state.tx.us/svcs/wotc/wotc.html)

## Which individuals qualify employers for WOTC?

For up to a \$1,200 tax credit:

- **Summer Youth** – a 16- to 17-year-old who works for an employer between May 1 and September 15 and lives in an empowerment zone or renewal community.

For up to a \$2,400 tax credit:

- **Supplemental Nutritional Assistance Program (SNAP) benefit recipients** – any 18- to 39-year-old who is a member of a family that has received SNAP benefits (formerly known as food stamps) for the six-month period ending on the hire date.
- **Unemployed veterans** – a veteran who is hired after 2008 and before 2011 and has served at least 180 days of active duty and has received at least four weeks of unemployment benefits during the 12-month period ending on the hire date.
- **Veterans receiving SNAP benefits** – a veteran who has served at least 180 days of active duty and is a member of a family that has received SNAP benefits for three consecutive months during the 15-month period ending on the hire date.
- **Temporary Assistance for Needy Families (TANF) recipients** – someone who is a member of a family that has received TANF benefits for any nine of the 18 months ending on the hire date.
- **Ex-felons** – a convicted felon who is hired within the year of the conviction or release date ending on the hire date.
- **Residents of empowerment zones, renewal communities or rural renewal counties** – Any 18- to 39-year-old who lived in a designated empowerment zone, renewal community or rural renewal county when hired.
- **Vocational rehabilitation referrals** – an individual who was referred by a rehabilitation agency or an employment network approved by the State of Texas or the U.S. Department of Veterans Affairs.
- **Supplemental Security Income (SSI) recipients** – an individual who has received SSI benefits within the 60 days ending on the hire date.
- **Disconnected youth** – a 16- to 24-year-old who was hired after 2008 and before 2011 who has not been regularly employed or attending school for the six-month period ending on the hire date and lacks basic skills.

For up to a \$4,800 tax credit:

- **Disabled veterans** – a veteran who has a service-connected disability of at least 10 percent and was hired no later than one year after being released from active duty.

For up to a \$9,000 tax credit over a two-year period:

- **Long Term Family Assistance recipients** – a member of a family that has received TANF benefits for at least 18 consecutive months ending on the hire date.

Within each qualifying population there are additional requirements for WOTC eligibility. Former employees, majority business owners and their relatives or dependents will not qualify their employer for the tax credit.

**For more information, including the specific qualifications for each target group and how to calculate the tax credit, visit our Web page:**

[www.twc.state.tx.us/svcs/wotc/wotc.html](http://www.twc.state.tx.us/svcs/wotc/wotc.html)

Questions?  
Contact the TWC  
WOTC Unit at  
1-800-695-6879