



# Work Opportunity Tax Credit



The Work Opportunity Tax Credit (WOTC) offers 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 are qualified 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
- Food Stamp (FS) recipients who are 18-39 years- old
- Veterans who:
  - Received FS for 3-months in the last 15 months
  - Received unemployment compensation for at least 4 weeks within one year before hired
  - Received 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 between 16-24, is not attending post high school, not employed during the 6 months before hired, and is not employable because lacking sufficient basic skills

## 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 Administration 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. For more information on unused credits, employers should contact the IRS or their tax accountant.

## ➤ Additional Information Contact:

- ◆ Call: (800) 669-9271 or Judy Ok, (360) 438-4936
- ◆ Internet: [www.wa.gov/esd/wotc](http://www.wa.gov/esd/wotc)