



**Department of Job
and Family Services**

Ted Strickland, Governor
Douglas E. Lumpkin, Director

A grey silhouette of the state of Ohio, filled with a pattern of small white dots, positioned behind the text.

**Office of
Workforce Development**

THE WORK OPPORTUNITY TAX CREDIT PROGRAM

An Employer-Friendly Benefit For Hiring Job Seekers Most In Need Of Employment

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WOTC

- Employers make the hiring decision.
- There are no limits to the number of new hires who can qualify an employer for the tax credit.
- Must begin work on or after January 1, 2006 and before August 31, 2011
- There is minimal paperwork needed to claim the tax credit.

RECENT CHANGES

- The Small Business and Work Opportunity Tax Act of 2007 (P.L 110-28) was signed into law on May 25, 2007. Section 8211 of the Act provides a 44 month extension of the WOTC Program through August 31, 2011.
- The bill includes program changes effective January 1, 2007. These changes include:
 - 1) An increase in the age for the Food Stamp category from 24 to 40;
 - 2) Eliminates the income requirement for the Ex-felon Target Group;
 - 3) Combines the WOTC and Welfare-to-Work credits;
 - 4) Increases the first year credit for Welfare-to-Work to 40% - the second year remains at 50%;

RECENT CHANGES CONTINUED

- 5) Increases the number of days allowed to file the IRS Form 8850 from 21 days to 28 days;
- 6) Renames the High-Risk Youth group (D) and calls it *Designated Community Resident* (DCR) Age category 18-40 with principal abode within EZ, RC, or RRC;
- 7) Clarifies that "ticket holders" are included in the vocational rehabilitation referral target group;
- 8) Expands the definition of the "Qualified Veteran" to include "*disabled veterans*" who are entitled to compensation for a service connected disability within one year after having been discharged or released from active duty;
- 9) As a result of the American Recovery and Reinvestment Tax Act of 2009, two new target groups have been created for the work opportunity tax credit. Those new categories are unemployed veterans and disconnected youth who begin work for the employer in 2009 or 2010.

WOTC

- Federal income tax credit for private sector employers.
- WOTC tax credit is up to \$2,400 for each new hire; Long Term Family Assistance Recipient (or LTFAR formerly Welfare-to-Work) tax credit is \$9,000 for each new hire.
- Administered by ODJFS.

RETENTION CYCLE WOTC TAX CREDIT

- 25% of qualified first year wages for those employed at least 120 hours, but less than 400 hours
- 40% of qualified first year wages for those employed 400 or more hours
- Qualified wages are capped at the first \$6,000 (\$3,000 for Summer Youth; \$12,000 for Disabled Veterans)

RETENTION CYCLE

LONG TERM FAMILY ASSISTANCE RECIPIENT (LTFAR) TARGET GROUP

- 25% of qualified first year wages for those employed at least 120 hours, but less than 400 hours
- 40% of qualified wages for the first year for those employed at least 400 hours and 50% of qualified wages for the second year for those employed at least 400 hours
- Qualified wages are capped at \$10,000 per year.

SUMMER YOUTH TAX CREDIT

- Must begin work on or after January 1, 2006 and before August 31, 2011
- Applies to new hires who work between May 1st and September 15th
- Qualified wages are capped at the first \$3,000.

LONG-TERM FAMILY ASSISTANCE RECIPIENT (LTFAR)

- Member of a family that received TANF benefits for at least 18 consecutive months ending on the hire date; or
- Has received family assistance for at least 18 months (whether or not consecutive) after August 5, 1997 and has a hiring date within two years after the end of the earliest 18-month period of eligibility; or
- Whose TANF eligibility expired under a federal or state law after August 5, 1997, and who was hired within two years after eligibility expired.

TANF RECIPIENT

- Member of a family that received TANF benefits for any 9 months during the 18-month period ending on the hire date

VETERAN

- a) Served on active duty in the Armed Forces for a period of more than 180 days, and

Member of a family receiving Food Stamps for, at least, a 3-month period within the last 15 months, ending on the hire date; or

- b) Entitled to compensation for a service-connected disability, and

Having a hiring date which is not more than 1 year after having been discharged or released from active duty in the Armed Forces of the United States; or

Having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.

EX-FELON

- Individual convicted of a felony; and
- Hired within one year of conviction date or release from prison

DESIGNATED COMMUNITY RESIDENTS (DCRs)

- **Age 18, but not yet age 40 on the hire date, and**
- **Living in a federally designated EZ, RC or Rural Renewal County (Crawford, Monroe, Paulding, Seneca and Van Wert Counties)**

VOCATIONAL REHABILITATION REFERRAL

- An individual who has a physical or mental disability resulting in a handicap to employment, and
Referred to employer upon completion of, or while receiving, services under a state plan for vocational rehabilitation services; or
- A “ticket holder” under the Ticket to Work Program who has an Individual Work Plan (IWP) developed and implemented by an Employment Network (EN) pursuant to subsection (g) of section 1148 of the SSA with respect to which the requirements of such subsection are met.

SUMMER YOUTH EMPLOYEE

- Age 16 but not yet 18 on the hire date,
- Performs a service for the employer between May 1 and September 15, and
- “Principal place of abode” is within an Empowerment Zone or Renewal Community

FOOD STAMP RECIPIENT

- Age 18 but not yet age 40 on the hire date, and
- Member of a family that received Food Stamp assistance for the 6-month period ending on the hire date; or, at least, 3 of the 5 months ending on the hire date

SSI RECIPIENT

- **Individual who receives Supplemental Security Income (SSI) benefits for any month ending within the 60-day period ending on the hire date**

DISCONNECTED YOUTH

- A disconnected youth is defined as an individual certified by the designated local agency as someone: (1) at least age 16 but not yet age 25 on the hiring date; (2) not regularly attending any secondary, technical or post-secondary school during the six-month period preceding the hiring date; (3) not regularly employed during the six-month period preceding the hiring date; and (4) not readily employable by reason of lacking a sufficient number of skills.

UNEMPLOYED VETERAN

- An unemployed veteran is defined as a individual certified by the designated local agency as someone who: (1) has served on active duty (other than for training) in the Armed Forces for more than 180 days or who has been discharged or released from active duty in the Armed Forces for the service-connected disability; (2) has been discharged or released from active duty in the Armed Forces during 2008, 2009, or 2010; and (3) has received unemployment compensation under State or Federal law for not less than four weeks during the one-year period ending on the hiring date.

THREE EASY STEPS FOR CERTIFICATION

1. Complete and mail the signed and dated IRS Form 8850 to ODJFS not later than 28 calendar days after the new hire's employment start date.
2. Complete and submit the one-page ETA 9061 form.
3. Submit any supporting documentation required.

SUPPORTING DOCUMENTATION

- ODJFS can verify benefits for TANF, Food Stamps and Long Term Family Assistance Recipients (and SSI when it is in combination with any of these three target groups) by accessing the state welfare registry. No supporting documentation is required from the employer.
- Assistance may be requested from the employer in obtaining additional documentation as needed.

INELIGIBLE FOR THE WOTC TAX CREDITS

- Not for profit employers
- Wages paid to relatives
- Non-qualifying rehires
- Subsidized wages

IMPORTANT FACTS TO REMEMBER

- The IRS Form 8850 opens the request for a tax credit. The State Workforce Agency (SWA) must receive the original 8850, with original signatures of the employee and employer.
- The original 8850 must be postmarked by the US Postal Service, (postage meters are unacceptable), within 28 calendar days of the Start Date.
- It is suggested that the ETA 9061 and any supporting documentation be submitted with the IRS 8850.
- Employers need to keep copies of all forms (front and back) and documentation mailed.
- Proof of mailing is required to document timeliness.

RECONSIDERATIONS/APPEALS

- In cases where a Denial has been issued on a certification request, the employer or the employer representative may appeal this decision. Appeals should be based on sources other than those used in issuing the original Denial, unless it can be established that the original Denial was issued in error due to a misinterpretation of information.
- To appeal a decision, return a copy of the Denial Notice, a copy of the 8850 (front and back) and 9061, and any new or additional supporting documentation to the SWA mailing address.

**Mail the signed and dated IRS Form 8850, ETA 9061
and Supporting Documentation to:**

**The Ohio Department of Job & Family Services
Bureau of Support Services
WOTC Section
P.O. Box 1618
Columbus, Ohio 43216-1618**

ON-LINE WEB INTERFACE

- Tax credit requests may also be viewed and tracked on-line via the new Work Opportunity Tax Credit Web Interface.
- To set up an account for web access, employers may submit a letter with their Name, Address, Federal Employer Identification Number (FEIN) and the names and e-mail addresses of those individuals who will be using the system to:

The Ohio Department of Job & Family Services
Bureau of Support Services, WOTC Section
P.O. Box 1618
Columbus, OH 43216-1618

- A User ID and Password will be mailed to the employer when the account has been set up.

CONTACT INFORMATION

Telephone: 614-644-0966

E-mail: wotc_contact@odjfs.state.oh.us

Fax: 614-644-7102

Website: www.jfs.ohio.gov/wotc/

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