

Who Does Not Qualify?

A tax credit may not be claimed for:

- Wages paid to relatives
- Federally subsidized, on-the-job training; however, wages paid after the subsidy expires can qualify for the credit
- Any individual who previously worked for the employer

How Do Employers Apply?

If an employer's new hire is a member of one of the target groups, they may apply for the tax credit with the Kansas Department of Commerce (Commerce). Commerce will provide certification of their eligibility for the tax credit. Certification must be received before an employer can claim the tax credit on their federal tax return. Applying for certification is easy.

1. Complete the two-page IRS Form 8850, "Prescreening Notice and Certification Request for the Work Opportunity Tax Credit," by the date of the job offer.
2. Complete one of the following U.S. Department of Labor forms, as appropriate:
 - a. ETA Form 9061, "Individual Characteristics Form," if the new hire has not been given a conditional certification; or
 - b. ETA Form 9062, "Conditional Certification Form," if provided to the job seeker by a participating agency.

3. Submit the forms no later than 28 calendar days after the new hire's employment start date. Submit applications online using Kansas WOTC LiveFile at KansasWOTC.com or mail the original signed and dated IRS and ETA forms to the Kansas WOTC Unit at:

Kansas Department of Commerce
Attn: WOTC Unit
1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354

Additional Information and Forms

For more information and to print forms, call or visit the Kansas Department of Commerce at:

KansasCommerce.com/WOTC
(785) 296-7435

Forms may also be accessed at:

www.irs.gov
(IRS 8850)

www.doleta.gov/business/Incentives/opptax
(ETA 9061)

For inclusive details on laws and regulations governing the WOTC program, visit the U.S. Department of Labor at:

www.doleta.gov/business/Incentives/opptax

For WOTC IRS tax law questions, call:
(202) 622-6080

For more information about WOTC, contact the Kansas WOTC Program Manager at (785) 296-7435 or e-mail

KSWOTC@kansascommerce.com

WORK OPPORTUNITY TAX CREDIT



 **KANSASWORKS**

Kansas Department of Commerce
1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354
KansasCommerce.com

"Your Workforce Network"

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) provides tax relief to employers who hire full-time, part-time or temporary employees from specifically targeted groups that have employment barriers.

The WOTC can provide tax credit under the following conditions:

- A 40 percent credit on the first \$6,000 of wages in the first year if the employee works at least 400 hours for a maximum tax credit of \$2,400
- A 25 percent credit on the first \$6,000 of wages in the first year if the employee works at least 120 hours for a maximum tax credit of \$1,500
- Qualified wages for the Summer Youth target group are capped at \$3,000 for a maximum tax credit of \$1,200
- For the disabled veteran group:
 - A 40 percent credit on the first \$12,000 of wages in the first year if the employee works at least 400 hours for a maximum credit of \$4,800
 - A 25 percent credit on the first \$12,000 of wages in the first year if the employee works at least 120 hours for a maximum credit of \$3,000
- For the long-term family assistance group:
 - A 40 percent credit during the first year of employment on the first \$10,000 an employee earns for a maximum credit of \$4,000
 - A 50 percent credit on the first \$10,000 an employee earns during the second year of employment for a maximum credit of \$5,000

Targeted Groups

The following list of targeted groups is subject to annual reauthorization:

- A member of a family who has received Temporary Assistance for Needy Families (TANF) for any nine months during the last 18 months prior to hire
- A veteran who received Supplemental Nutritional Assistance Program (SNAP) for at least a three-month period within the last 15 months prior to hire
- A person with a physical or mental disability who is receiving or has completed an employment plan with a state or veteran rehabilitation agency within two years prior to hire or a voucher holder under the Ticket-to-Work program
- Designated community residents (18-39) living in a Rural Renewal County (RRC)
- A person aged 18 through 39 who is a member of a family who has received SNAP for six consecutive months prior to hire or an able-bodied adult without dependents who received SNAP for three of the previous five months prior to hire and the case closed
- Summer Youth, (16-17 years old) living in an EC, RC or EZ (not available in Kansas)
- A felon who was convicted or released from prison within one year prior to hire (or is participating in a Work Release Program)
- A person who has received Supplemental Security Income (SSI) benefits within 60 days prior to hire
- * • A veteran who has been discharged or released from active duty in the Armed Forces at any time during the five-year period ending on the hiring date and is in receipt of unemployment compensation not less than four weeks during the one-year period ending on the date of hire

- * • An individual 16 through 24 not regularly attending any secondary, technical or post-secondary school during the six-month period preceding the hire date, not regularly employed during such six-month period and not readily employable by reason of lacking a sufficient number of basic skills
- A disabled veteran with a service-connected disability and
 - having a hire date not more than one year after discharge/release from active duty in the U.S. Armed Forces, or
 - having aggregate periods of unemployment equal to or greater than six months within the one year period prior to the hire date
- Long-term family assistance recipient member who has continuously received TANF for 18 months prior to hire; or received TANF for 18 months since August 5, 1997 and has a hiring date that is not more than two years after the end of the earliest 18-month period; or reached lifetime limit of TANF and that date is within two years of hire

Employer Benefits

Benefits to employers include:

- The hiring decision is made by the employer
- Qualified individuals may be hired
- Up to \$9,000 in potential tax credits per new hire
- Reduced recruitment and training costs
- No restrictions on number of qualified hires
- Credits are applied to taxes due
- Unused tax credits may be carried over
- Minimal paperwork to claim tax credit

* At time of printing, Congress has not authorized extension of target group after 12-31-2010