

What is the Work Opportunity Tax Credit?

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit encouraging employers to hire individuals in certain targeted groups which consistently experience high rates of unemployment due to a variety of employment barriers.

The WOTC:

- Helps people move from welfare to work.
- Gains people on-the-job training experience.
- Helps American workers prepare for quality jobs.
- Creates high performance workplaces.

What federal income tax savings can an employer expect?

All Target Groups*:

- Tax credit applies to first year of employment only.
- Wage is capped at the first \$6,000 of qualified wages.
- Maximum tax credit is \$2,400 per new hire.
- Full credit is calculated at 40%, up to \$2,400, and requires new employee to work a minimum of 400 hours or more.
- Partial credit is calculated at 25% up to \$1,500, and requires new employee to work more than 120 hours but less than 400 hours.

Target B sub-group: Veterans—Disabled Veterans

- Wage is capped at the first \$12,000 of qualified wages.
- Maximum tax credit is \$4,800 per new hire.
- Full credit is calculated at 40%, up to \$4,800, and requires new employee to work 400 hours or more.
- Partial credit is calculated at 25% up to \$3,000, and requires new employee to work at least 120 hours and less than 400 hours.

Target Group F: Summer Youth

- Tax credit applies to any 90 day employment period between May 1 and September 15.
- Wage is capped at the first \$3,000 of qualified wages.
- Maximum tax credit is \$1,200 per new hire.

Target Group I: Long-term Family Assistance (LTFA) Recipients

- Tax credit applies to the first two years of employment and is considered a two-tiered tax credit.
- Wage is capped at the first \$10,000 of qualified wages.
- Maximum tax credit over two years is \$9,000 per new hire. Maximum tax credit at first year is \$4,000 and second year is \$5,000.
- Full credit is calculated at 40% up to \$4,000, and requires new employee to work at least 400 hours.
- Partial credit is calculated at 25% up to \$2,500, and requires new employee to work at least 120 hours and less than 400 hours.

State WOTC Coordinator

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Local WOTC Coordinators

Aberdeen	605.626.2340
Brookings	605.688.4350
Hot Springs	605.745.5101
Huron	605.353.7155
Lake Andes	605.487.7607
Madison	605.256.5300
Mitchell	605.995.8060
Mobridge	605.845.2971
North Sioux City	605.242.5445
Pierre	605.773.3372
Pine Ridge	605.867.5843
Rapid City	605.394.2296
Sioux Falls	605.367.5300
Sisseton	605.698.3964
Spearfish	605.642.6900
Vermillion	605.677.6900
Watertown	605.882.5131
Winner	605.842.0474
Yankton	605.668.2900



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* Excludes Target Group I—Long Term Family Assistance Recipient (LTFI), Target Group F—Summer Youth, and Target Group B—Veterans/Disabled.

WOTC

Work Opportunity Tax Credit Program



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What are the nine targeted groups?

WOTC applies to new hires after December 31, 2006, and before August 31, 2011. The new employee cannot have worked for the employer at anytime in the past and cannot be a dependent or relative of the employer.

The employee must belong to one of the following groups:

1 Welfare recipients. Member of a family receiving or has received AFDC/TANF any nine of the 18 months prior to hire date.

2 Veterans. Veteran receiving SNAP benefits for a three month period during the last 15 months. Or a disabled veteran who receives compensation for a service-connected disability and has been unemployed for any six aggregate months during the last 12 months.

3 Ex-felons. Individual convicted or released from a correctional facility within the last 12 months after a felony conviction.

4 Designated Community Residents. Individual 18-years-old but not yet 40-years-old who lives within an Empowerment Zone (EZ), Enterprise Community (EC), or a Rural Renewal County (RRC).

5 Vocational Rehabilitation Referrals. Individual with a physical or mental disability who has completed or is completing rehabilitative services through the State, an Employment Network, or the Department of Veterans Affairs.

6 Summer Youth Employees. Youth 16- and 17-years-old who reside in an Empowerment Zone (EZ).

7 SNAP Recipients. Individuals at least 18-years-old but not yet 40-years-old who are receiving or recently received at least six months of benefits.

8 Supplemental Security Income (SSI) Recipients. Individuals who received SSI benefits within 60 days prior to their hire.

9 Long-term Family Assistance Recipient. Individual receiving or recently received TANF payments for 18 consecutive months ending on the hire date.

What are the 24 Rural Renewal Counties (RRC) in South Dakota?

Aurora	Hutchinson
Campbell	Jones
Clark	Kingsbury
Day	McPherson
Deuel	Marshall
Douglas	Miner
Faulk	Perkins
Grant	Potter
Gregory	Sanborn
Haakon	Spink
Hand	Tripp
Harding	Walworth

How can an employer apply for the WOTC and receive certification?

- Complete the one page IRS Form 8850 (Pre-Screening Notice and Certification Request) on or before the day the job offer is made; and
- Complete either the one page ETA Form 9061 (Individual Characteristics) or Form 9062 (Conditional Certification).
- Sign and date the forms.

What if the new employee is already Conditionally Certified?

If the new employee has already been Conditionally Certified by a South Dakota Department of Labor and Regulation (DLR) employment representative as belonging to a target group:

- Complete the bottom part of ETA Form 9062 (Conditional Certification).
- Sign and date the form.
- Include a completed IRS Form 8850 with Form 9062.

Where do I get the forms?

IRS Form 8850 (WOTC Pre-Screening Notice and Certification Request) and **Instructions:**

- Download @ www.irs.ustreas.gov.
- Call 1.800.829.1040.

ETA Form 9061 (Individual Characteristics) and **Directories** of State and Regional Coordinators:

- FAX-ON-DEMAND 1.877.828.2050. Access this free service from a fax machine or touchtone telephone.
- Download @ www.doleta.gov/business/incentives/opptax.
- Any DLR local office.

Who should I mail the IRS 8850 and ETA Form to?

The South Dakota State WOTC Coordinator:



South Dakota Department of Labor and Regulation
Attn: WOTC Program
420 South Roosevelt Street
P.O. Box 4730
Aberdeen, SD 57402-4730

The completed forms must be mailed within 28 calendar days of the employee's start date.

Where can I find more information about WOTC?

- Call or visit your local or state WOTC Coordinators.
- Call the U.S. Department of Labor Regional WOTC Coordinator nearest you.
- Call Karin Loverud at the Internal Revenue Service at 202.622.2080.



For information about EZ/EC/RRC locations:

- Visit the Department of Housing and Urban Development's website @ www.hud.gov/cr.
- Call 1.800.998.9999.