

FREQUENTLY ASKED QUESTIONS

? WHAT ARE THE 24 RURAL RENEWAL COUNTIES (RRC) IN SOUTH DAKOTA?

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

? HOW CAN AN EMPLOYER APPLY FOR THE WOTC AND RECEIVE CERTIFICATION?

To receive certification a new employee qualifies the employer for this tax credit, the employer must:

- 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 the ETA Form 9061 (Individual Characteristics)
- Sign and date the forms.

Previous versions of the IRS 8850 and ETA 9061 are no longer accepted for hire dates prior to Oct. 1, 2023.

South Dakota WOTC Coordinator

Taunya Charlton
605.220.8383
WOTC@state.sd.us

? MORE INFORMATION

- Call or email your state WOTC Coordinator.
- Call the U.S. Department of Labor Regional WOTC Coordinator near you.
- Call the Internal Revenue Service at 202.622.2080.

? WHERE DO I GET THE FORMS?

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

- Download at www.irs.gov
- Call 202.622.6080
- Download from dlr.sd.gov/wotc

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

- Download at: www.doleta.gov/business/incentives/opptax
- Call any DLR Job Service office in South Dakota.
- Download from dlr.sd.gov/wotc

? WHERE SHOULD I SUBMIT THE IRS AND ETA FORMS?

Forms can be mailed or submitted electronically.

Mail to:

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

Submit electronically:

Submit forms electronically through SDWORKS. Email our office at WOTC@state.sd.us to set up your point of contact.

If you have technical issues submitting online, please mail your application to ensure the timely filing requirement is met.

The completed and signed IRS 8850 and ETA 9061 must both be postmarked or submitted electronically within 28 calendar days of the employee's start date.

WOTC

WORK OPPORTUNITY TAX CREDIT PROGRAM

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.

WOTC helps:

- people move from welfare to work.
- people gain on-the-job training experience.
- people prepare for quality jobs.
- to create high performance workplaces.

dlr.sd.gov/wotc

WOTC@state.sd.us



TARGET GROUPS

WOTC applies to new hires after Dec. 31, 2017, and before Dec. 31, 2025, in one of the target groups listed to the right.

The new employee cannot have worked for the employer at any time in the past and cannot be a dependent or relative of the employer.

A IV-A TANF Recipient. A member of a family receiving or has received TANF benefit payments any 9 month period during the last 18 months prior to hire date.

Ba Veterans Receiving SNAP. Any veteran that has received at least 3 consecutive months of SNAP payments in the last 12 months.

Bb Disabled Veteran. A veteran discharged from the military in the last 12 months for a service-connected disability.

Bc Disabled Veteran Unemployed 6 months. A veteran discharged from the military for a service connected disability and has been unemployed for at least 6 months in the 12 months prior to the hire date.

Bd Veteran Unemployed 4 weeks. A veteran discharged from the military and has been unemployed for at least 4 weeks in the last 12 months prior to the hire dates.

Be Veteran Unemployed 6 months. A veteran discharged from the military and has been unemployed for at least 6 months in the last 12 months prior to the hire date.

C Ex-felon. A person convicted or released from prison in the last 12 months after felony conviction.

D Designated Community Resident. A person between the ages of 18 but not yet 40 years of age and lives in any 1 of 24 Rural Renewal Counties or the Oglala Sioux Pine Ridge Empowerment Zone.

Ea Voc Rehab Referral or Veterans Voc Rehab Referral. A person referred by a vocational rehabilitation counselor or a veteran's vocational rehabilitation counselor.

Eb Ticket-Holder. Referred by an Employment Network under the Ticket-to-Work Program.

F Summer Youth. Youth between the ages of 16 – 17 years of age who work for an employer from May 1 to Sept. 15 and live in an empowerment zone.

G SNAP Recipient. A person between the ages of 18 but not yet 40 years of age that has received at least 6 consecutive months of SNAP benefits in the 6 months prior to hire.

H SSI Recipient. A person who has received an SSI payment within the last 60 days of hire.

I Long-Term TANF Recipient. A member of a family who has received 18 months of TANF benefits for the last 18 months.

L Long-Term Unemployed. A person that has been unemployed for 27 consecutive weeks in the 12 months prior to the hire date and has received Reemployment Assistance Benefits payments for all or some of those weeks.

TAX CREDIT AMOUNTS

For all Target Groups except Veterans Target Groups (Ba, Bb, Bc, Bd, Be) and Long-Term TANF Recipient (I)

The tax credit applies to the first year of employment only. Wages are capped at the first \$6,000 of qualified wages. The maximum tax credit is \$2,400 per new hire.

Full credit is calculated at 40%, up to \$2,400. Employees are required to work a minimum of 400 hours or more.

Partial credit of 25%, up to \$1,500, requires a new employee to work at least 120 hours but less than 400 hours.

Veterans Target Groups:

Target Group Ba (Veteran receiving SNAP benefits):

- Qualified wages are capped at \$6,000 for a maximum tax credit of up to \$2,400.

Target Group Bb (Disabled Veteran DV):

- Qualified wages are capped at \$12,000 for a maximum tax credit of up to \$4,800.

Target Group Bc (Disabled Veteran Unemployed for 6 months):

- Qualified wages are capped at \$24,000 for a maximum tax credit of up to \$9,600.

Target Group Bd (Veteran Unemployed for 4 weeks):

- Qualified wages are capped at \$6,000 for a maximum tax credit of up to \$2,400.

Target Group Be (Veteran Unemployed for 6 months):

- Qualified wages are capped at \$14,000 for a maximum tax credit of up to \$5,600.

Long-Term TANF Recipient:

Target Group I. The tax credit applies to the first two years of employment and is considered a two-tiered tax credit. The wage is capped at the first \$10,000 of qualified wages in each year. Maximum credit over the two years is \$9,000 per new hire.

The first year of employment, the maximum credit is \$4,000 for full credit (40% of the wage cap) and requires the new employee to work at least 400 hours for the employer.

The second year of employment, the maximum credit is \$5,000 or 50% of \$10,000, and up to \$5,000 when the new employee has worked a minimum of 400 hours or more for the new employer.



For more information on filing and receiving the tax credit:

- Call your tax representative.
- Call the Internal Revenue Service at 202.622.2080.