

What are the 15 targeted groups?

WOTC applies to new hires after Dec. 31, 2017, and before Dec. 31, 2025, for all target groups. 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.

The new employee must belong to 1 of the following groups:

- 1

Target Group 1. 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.
- 2

Target Group 2A. Veterans Receiving SNAP. Any veteran that has received at least three consecutive months of SNAP payments in the last 12 months.
- 3

Target Group 2B. Disabled Veteran. A veteran discharged from the military in the last 12 months for a service-connected disability.
- 4

Target Group 2C. 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.
- 5

Target Group 2D. 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.
- 6

Target Group 2E. 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.
- 7

Target Group 3. Ex-felon. A person convicted or released from prison in the last 12 months after felony conviction.
- 8

Target Group 4. Summer Youth. Youth between the ages of 16 – 17 years of age who work for an employer from May 1 to September 15 and live in an empowerment zone.
- 9

Target Group 5. 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.
- 10

Target Group 6a. Voc Rehab Referral or Veterans Voc Rehab Referral. A person referred by a vocational rehabilitation counselor or a veteran’s vocational rehabilitation counselor.
- 11

Target Group 6b. Ticket-Holder. Referred by an Employment Network under the Ticket-to-Work Program.
- 12

Target Group 7. 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.
- 13

Target Group 8. SSI Recipient. A person who has received an SSI payment within the last 60 days of hire.
- 14

Target Group 9. Long-Term TANF. A member of a family who has received 18 months of TANF benefits for the last 18 months.
- 15

Target Group 10. 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.

FREQUENTLY ASKED QUESTIONS

Q-WHAT FEDERAL INCOME TAX SAVINGS CAN AN EMPLOYER EXPECT?

For all Target Groups except for Target Group 2A, 2B, 2C, 2D, & 2E Veterans, Disabled & Unemployed and Target Group 9. Long-Term TANF Recipient the tax credit applies to the first year of employment only. Wages 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 percent, up to \$2,400. Employees are required to work a minimum of 400 hours or more. Partial credit of 25 percent, up to \$1,500, requires a new employee to work at least 120 hours but less than 400 hours.

Q-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

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

Q-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 the ETA Form 9062 (Conditional Certification).
- Sign and date the form.
- Include completed IRS Form 8850 with Form 9062.

Q-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. Go to “Learn About Programs” and click on the WOTC Program, then on How to Apply.

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

- Download at: www.doleta.gov/business/incentives/opptax
- Call or visit any DLR local office in South Dakota.
- Download from dlr.sd.gov. Go to “Learn About Programs” and click on the WOTC Program, then on How to Apply.

Q-WHERE SHOULD I MAIL THE IRS AND ETA FORMS?

The South Dakota State WOTC Coordinator:

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

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



FIND 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.

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

Tax Savings for Veterans Target Groups:

Target Group 2Ba. Veteran receiving SNAP benefits: Qualified Veteran receiving at least 3 consecutive months of SNAP benefits during the 12 months ending on the hiring date.

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

Target Group 2B. Disabled Veteran DV: A veteran discharged from the military in the last 12 months for a service-connected disability.

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

Target Group 2C. Disabled Veteran Unemployed for 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.

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

Target Group 2D. Veteran Unemployed for 4 weeks: A veteran, regardless of discharge date, that has been unemployed for at least 4 weeks but less than 6 months in the 12 months prior to the hiring date.

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

Target Group 2E. Veteran Unemployed for 6 months: A veteran, regardless of discharge date, that has been unemployed for at least 6 months in the 12 months prior to the hiring date.

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

Tax Savings for Target Group 9. Long-Term TANF Recipient

The tax credit applies to the first 2 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 2 years is \$9,000 per new hire.

The first year of employment, the maximum credit is \$4,000 for full credit (40 percent 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 percent 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

WOTC

WORK OPPORTUNITY TAX CREDIT PROGRAM

South Dakota WOTC Coordinator

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