



WORKFORCE SOLUTIONS

Texoma

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Work Opportunity Tax Credit

FOR EMPLOYERS

Workforce Solutions Texoma is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Individuals with speech and/or hearing impairments may call 711 for assistance.

Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) is a federal income tax benefit administered by the U.S. Department of Labor (DOL) for employers who hire individuals from specified target populations.



WOTC reduces a business's federal tax liability, serving as an incentive for employers to select job candidates who may be facing significant barriers to employment.

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WOTC Objectives

WOTC helps individuals to:

- become employed
- earn a steady income
- become contributing taxpayers

WOTC joins other workforce programs that help provide incentives for workplace diversity and improve access to good jobs for American workers.

Qualifying for WOTC

Employers are eligible for a tax credit when hiring individuals with specified barriers to employment in federally identified target groups.

Employers must obtain documentation showing an individual is a member of an allowable target group. This documentation is sent with the employer's application for the WOTC to the Texas Workforce Commission who will verify the individual belongs to the target group.

Tax credits currently are available for hires if they belong to one of the following target groups:



Qualifying for WOTC Veterans Target Group

Veterans Target Groups	Maximum Tax Credit
Disabled veterans with a service-connected disability who have been unemployed for at least six months.	\$9,600
Veterans who have been unemployed for at least 6 months.	\$5,600
Disabled veterans with a service-connected disability	\$4,800
Veterans receiving Supplemental Nutrition Assistance Program (SNAP) benefits for at least 3 months during the first 15 months of employment	\$2,400
Veterans who have been unemployed for at least 4 weeks	\$2,400

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Qualifying for WOTC

Non-Veterans Target Groups

Non-Veterans Target Groups	Maximum Tax Credit
Long term Family Assistance recipients who are members of a family that has received Temporary Assistance for Needy Families (TANF) benefits for at least 18 consecutive months.	\$9,000
TANF Recipients	
Ex-Felons hired within a year of being convicted of a felony or being released from prison for a felony conviction	
Vocation Rehabilitation Referrals	\$2,400
SNAP Recipients (<i>received SNAP for the previous 6 months or at least 3 of the previous 5 months</i>)	
Supplemental Security Income (SSI) Recipients	
Long-Term Unemployment Recipients (<i>have been unemployed for not less than 27 consecutive weeks at time of hiring and received unemployment compensation during some of all of that period</i>)	\$1,200

Calculating the Tax Credit

- The tax credit amount under the WOTC program depends on employee retention. For most target groups, WOTC is based on qualified wages paid to the employee for the first year of employment.
- For-Profit Employers:
 - 25% of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours
 - 40% for those employed 400 hours or more.
- Non-profits:
 - 16.25% of qualified first-year wages for those employed 120 hours but fewer than 400 hours
 - 26% for those employed 400 hours or more.
- For Long-Term Family Assistance recipients, WOTC is based on a 2-year retention period.

Applying for WOTC

Within **28 days of the employee's start date**, employers hiring individuals from one or more of the identified target groups must complete the following:

- **IRS Form 8850**, Prescreening Notice & Certification Request for the Work Opportunity Tax Credit
<http://www.irs.gov/pub/irs-pdf/f8850.pdf>
- **ETA Form 9061**, Individual Characteristics Form
https://www.doleta.gov/business/incentives/opptax/docs/ETA_Form_9061_English.pdf

Texoma Workforce Solutions staff can provide assistance in completing these forms.

Applying for WOTC

Mail, fax, or e-mail forms to:

Texas Workforce Commission
WOTC Unit
101 E 15th Street, Room 202T
Austin, Texas 78778-0001
Fax: 512-463-8819
wotc@twc.state.tx.us



- If you are filing the forms by e-mail, the attached forms must be password-protected, and the password must be sent in a separate e-mail to the same e-mail address.
- Employers and consultants submitting forms by fax or e-mail **will be required to maintain the original forms for the required retention period.**
(certifications: 4 years; denials: 1 year)

Requesting a Claim Reconsideration

- When a WOTC application is denied, if the employer has documentation to indicate that the application was eligible for certification, the employer may request that the claim be reconsidered for a specific target group.
- To request a claim reconsideration documentation as noted on the following slides must be sent to the Texas Workforce Commission (TWC) along with the WOTC claim/Control number listed on the denial letter or denial report.
- Reconsideration requests must be submitted **within the one year required retention period for denials based on original data.**

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Documentation for Requesting a Claim Reconsideration

Veteran Target Groups (includes disabled veteran and unemployed veteran)

- Applicants DD-214 (record of military service)
- Rating letter (provides service-connected disability rating required for disabled veterans)
- No unemployment documentation is necessary. TWC's WOTC unit will verify the "unemployment" requirements for disabled veterans and unemployed veterans

Ex-Felon

- Court documentation indicating felony conviction; or
- If a federal conviction, parole/probation officer information including name and phone number

Designated Community Resident

- Documentation to verify address (e.g., a current utility bill, telephone bill, or driver license) indicated on IRS Form 8850

Vocation Rehabilitation

- Individualized Plan for Employment (IPE) documentation indicating open date, close date, and/or last date of service
- Vocational counselor information including name and phone number

Documentation for Requesting a Claim Reconsideration

Long-Term Unemployment Benefits

- Submission of ETA Form 9175, Long-Term Unemployment Recipient Self-Attestation Form – Work Opportunity Tax Credit (WOTC) Program

Out-of-State Benefits

- If there is information showing the applicant received TANF, Supplemental Security Income, SNAP benefits, or unemployment benefits from another state, the name of the other state will need to be provided and the Texas WOTC unit will submit an out of state request to the indicated state.

Mail request for claim reconsideration and supporting documentation to:

Texas Workforce Commission
Attn: WOTC Unit
101 East 15th Street, Room 202T
Austin, TX 78778



Responding to a Needs Request

When an incomplete WOTC application is submitted by the employer, TWC's WOTC Unit will send a needs request letter to the employer.

The employer **must respond within 60 days** or the application will be closed.

Forms and Additional Information

- IRS Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit <http://www.irs.gov/pub/irs-pdf/f8850.pdf>
- ETA Form 9061, Individual Characteristics Form [https://www.dol.gov/sites/dolgov/files/ETA/wotc/pdfs/ETA-FORM-9061-\(ENGLISH\).pdf](https://www.dol.gov/sites/dolgov/files/ETA/wotc/pdfs/ETA-FORM-9061-(ENGLISH).pdf)
- TWC's WOTC Guidance <https://www.twc.texas.gov/businesses/work-opportunity-tax-credit>
- IRS's WOTC Guidance <https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit>

LOCATIONS

COOKE COUNTY

1311 North Grand Ave.
Suite 200
Gainesville, TX 76240
940-665-1121

FANNIN COUNTY

1205B E. Sam Rayburn Dr
Bonham, TX 75416
903-640-0222

GRAYSON COUNTY

2415 South Austin Ave.
Suite 105
Denison, TX 75020
903-463-9997

1-888-813-1992

www.workforcesolutionstexoma.com

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