# HELP PUT AMERICA TO WORK AND EARN FEDERAL INCOME TAX CREDITS FOR HIRING VETERANS

## WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers who hire veterans and individuals from other eligible target groups with significant barriers to employment. Each year, employers claim over $1 billion in tax credits under the WOTC program. The success and growth of this income tax credit for business is beneficial for all who participate, while increasing America's economic growth and productivity.

## WHO IS ELIGIBLE?

A veteran who has a service-connected disability, is unemployed, or is receiving SNAP (food stamp) benefits.

| VETERAN TARGET GROUP | MAXIMUM TAX CREDIT |
|---|---|
| Receives SNAP (food stamps) benefits | $2,400 |
| **Entitled to compensation for service-connected disability:** | |
| Hired within 1 year of discharge or release from active duty | $4,800 |
| Unemployed at least 6 months in the year ending on the hiring date | $9,600 |
| **Unemployed** | |
| At least 4 weeks | $2,400 |
| At least 6 months | $5,600 |

**Employees must work at least 120 hours in the first year of employment to receive the tax credit.**

## HOW WOTC WORKS FOR YOU

- **WOTC reduces an employer's cost** of doing business, requires little paperwork, and applying for WOTC is simple.
- WOTC can **reduce an employer's federal income tax liability** by as much as $9,600 per veteran hired.
- **There is no limit** on the number of individuals an employer can hire to qualify to claim the tax credit.
- Certain **tax-exempt organizations can take advantage of WOTC** by receiving a credit against the employer's share of Social Security taxes.

**Veterans are excellent job candidates** as they are experienced and possess many desirable characteristics such as:

- The ability to rapidly adapt and adopt new skills.
- A strong sense of personal integrity and accountability.
- Training in many occupational skills that can be invaluable in today's labor market.[i]

[i] See http://www.americasheroesatwork.gov/ for more reasons to hire America's veterans.

## HOW TO APPLY

To apply for WOTC, employers should follow these steps:

1. Complete page one of IRS Form 8850 by the day the job offer is made. Complete page two of IRS Form 8850 after the individual is hired.

2. Complete ETA Form 9061, or complete ETA Form 9062 if the employee has been conditionally certified as belonging to a WOTC target group by a State Workforce Agency, Vocational Rehabilitation agency, or another participating agency.

3. Submit the completed and signed IRS and ETA forms to your State Workforce Agency. Forms **must be** submitted within 28 calendar days of the employee's start date.

4. Wait for a final determination from your State Workforce Agency. The determination will indicate whether the employee is certified as meeting the eligibility for one of the WOTC target groups.

5. After the target group employee is certified by the State Workforce Agency, file for the tax credit with the Internal Revenue Service.

## INFORMATION AND RESOURCES

Visit the WOTC web-site, http://www.doleta.gov/wotc, for more information on eligibility requirements, how to apply for the tax credit, and WOTC contacts in your state.

Visit the IRS web-site, http://www.irs.gov, for more information on how to claim the tax credit.

U.S. Department of Labor, Employment and Training Administration

Kansas Department of Commerce
KansasWOTC.com

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