

Work Opportunity Tax Credit (WOTC)

Information Sheet

Introduction – The American Taxpayer Relief Act of 2012 (P.L. 112-240) extends the Work Opportunity Tax Credit (WOTC) to December 31, 2013. The WOTC has two purposes:

- To promote the hiring of individuals who qualify as a member of a target group.
- To provide a federal tax credit to employers who hire these individuals.

The Employment Development Department (EDD) is the WOTC certifying agency for California employers.

Target Groups that Qualify for the WOTC

Individuals hired from the following target groups may qualify an employer for the WOTC:

Group A – Qualified Short-Term Recipients of Temporary Assistance to Needy Families (TANF)

Any individual who:

- Is a member of a family that received TANF benefits for any 9-month period during the 18-month period ending on the hiring date.

Group B – Qualified Veterans

Any qualified veteran who is:

- **Ba** - a member of a family that received food stamps, i.e., Supplemental Nutrition Assistance Program (SNAP) benefits for at least a 3-month period during the 15-month period ending on the hiring date, **or**
- **Bb** - entitled to compensation for a service-connected disability hired within one year of discharge or release from active duty, **or**
- **Bc** - entitled to compensation for a service-connected disability and unemployed for a period or periods totaling at least 6 months of the year ending on the hiring date, **or**
- **Bd** - unemployed for at least 4 weeks (but less than 6 months) during the one-year period ending on the hiring date, **or**
- **Be** - unemployed for at least 6 months or more within one year of the hiring date.

Note: To be considered a qualified veteran for this purpose, the individual must meet these **two** standards:

- 1.) Served on active duty, not including training, in the U.S. Armed Forces for more than 180 days **or** have been discharged or released from active duty for a service-connected disability; **and**
- 2.) Not have a period of active duty, not including training, of more than 90 days that ended during the 60-day period concluding on the hiring date.

Group C – Qualified Ex-Felon

Any individual who:

- Has been convicted of a felony under any statute of the United States or any state.
- Has a hire date that is not more than one year after the last date on which the individual was convicted (if not incarcerated) or was released from prison.

Group D – Qualified Designated Community Resident

Any individual age 18 through 39 who, on the hire date:

- Is a resident of a designated Federal Empowerment Zone (EZ) or Rural Renewal County (RRC).

Group E – Qualified Vocational Rehabilitation Referral

Any individual who:

- Has a physical or mental disability which results in a substantial barrier to employment, **and**
- Is hired within two years of receiving those services.

Group F – Qualified Summer Youth Employee

Any individual who:

- Is age 16 through 17 on the hire date and is a resident of a Federal Empowerment Zone (EZ) or Rural Renewal County **and**
- Has not been employed by the same employer prior to the 90-day summer period between May 1 and September 15.

Group G – Qualified Food Stamp (SNAP) Recipient

Any individual who:

- Is age 18 through 39 on the hiring date and is a member of a family who received food stamps/ Supplemental Nutrition Assistance Program (SNAP) benefits for a consecutive six-month period ending on the hiring date, **or**
- Qualifies under federal law as an “able-bodied adult without dependents” under exemption (1), i.e., is under 18 years old, or 50 years old or older (ABAWD 1), **or**
- Received SNAP benefits for at least three months out of the five-month period ending on the hiring date and is no longer receiving SNAP benefits as of the hiring date.

Group H – Qualified Supplemental Security Income Recipient

Any individual who:

- Is receiving Supplemental Security Income (SSI) payments under Title XVI of the Social Security Act for any month ending within the 60-day period ending on the hiring date. **Note:** Those receiving Social Security Disability Income (SSDI) are **not** the same as SSI recipients.

Group I – Qualified Long-Term Family Assistance Recipient

Any individual who:

- Has received Temporary Assistance to Needy Families (TANF), or a successor program, for at least 18 consecutive months ending on the hiring date, **or**
- Has received TANF for a total of at least 18 months, whether or not the months are consecutive, beginning after August 5, 1997, and whose hiring date is not more than two years after the end of the earliest 18-month period, **or**
- Whose TANF eligibility expired, and has a hiring date within two years of the TANF eligibility expiration date, but after August 5, 1997.

Tax Credit Amounts

For Target Group(s):

- A, Ba, Bd, C, D, E, G, H, the maximum tax credit amount is a 40 percent tax credit on qualified first year wages up to \$6,000, or \$2,400 for a one-year period.
- Bb, Disabled Veteran (hired within one year of separation), the maximum tax credit amount is a 40 percent tax credit on qualified first year wages up to \$12,000 or \$4,800 for a one-year period.
- Bc, Disabled Veteran, unemployed 6 months or more, the maximum tax credit amount is a 40 percent tax credit on qualified first year wages up to \$24,000 or \$9,600 for a one-year period.
- Be, Unemployed Veteran, unemployed 6 months or more, the maximum tax credit amount is a 40 percent tax credit on qualified first year wages up to \$14,000 or \$5,600 for a one-year period.

Retention

In order to claim the tax credit, the employee must be retained 400 hours or more for a 40 percent tax credit on qualified first year wages. For the employee that is retained at least 120 hours but less than 400 hours, a 25 percent credit is available on qualified first year wages.

How the WOTC Program Works for Employers

Employers may:

- Pre-screen their own applicant to determine if they are members of one of the target groups.
- Place a job listing in the EDD CalJOBSSM system, stating in the job duties section of the listing that WOTC eligible job applicants are highly desired.

To determine if an applicant is a member of one or more of the target groups, the employer and the employee must complete and sign the Pre-Screening Notice and Certification Request for the WOTC, Form IRA 8850. In addition, the individual Characteristics Form, ETA 9061, must be completed and signed. Mail forms to:

WOTC Center
2901 50th Street
Sacramento, CA 95817

How the WOTC Program Works for the Job Seeker

Job seekers may:

- Let prospective employers know they are WOTC eligible at the time of interview.
- Go to the nearest EDD Workforce Services office to enroll for services.

Forms and Information

For more information regarding the WOTC program, visit the EDD website at www.edd.ca.gov/jobs_and_training/work_opportunity_tax_credit.htm, contact a local America's Job Center, or call the California WOTC Center, toll-free at 1-866-593-0173.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-866-593-0173 (voice). TTY users, please call the California Relay Service at 711.