

# Work Opportunity Tax Credit

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## How the Tax Credit Works

If you are a "for-profit" employer in Massachusetts, you may be eligible for a federal tax credit through the Work Opportunity Tax Credit program. Individuals must be identified as members of one of these targeted groups before a job offer is made.

### Calendar Year 2014

- Massachusetts WOTC unit processed 46,095 new requests from the employer community.
- Massachusetts WOTC unit issued 11,931 certifications.
- These certifications represent a "maximum potential" tax credit of over \$43,000,000 to Massachusetts based employers.

The Work Opportunity Tax Credit (WOTC) program has two purposes:

- To help individuals who qualify as members of a target group to get a job, and
- To help employers who hire qualified individuals by giving them a credit on their federal taxes.

## Target Groups

- A member of a family that is receiving or has received Temporary Assistance to Needy Families (TANF) for any 9 months during the 18-month period that ends on the hiring date.
- Veterans Target Groups
- A new hire qualifies for a veterans target group, if the individual is:
  - A veteran who is a member of a family that received SNAP benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date;
  - A disabled veteran entitled to compensation for a service-connected disability, who has been:  
Hired within 1 year of discharge or release from active duty, OR  
Unemployed for at least 6 months in the year ending on the hiring date;
  - A veteran who has been unemployed for:  
At least 4 weeks in the year ending on the hiring date; OR  
At least 6 months in the year ending on the hiring date.
- A recently released ex-felon.
- An 18 to 39 year old resident of one of the 105 federally designated Empowerment Zone
- A vocational rehabilitation referral who completed or is completing rehabilitative services from the Commonwealth of Massachusetts, an Employment Network, or the U.S. Department of Veterans Services.
- A 16 to 17 year old Empowerment Zone resident hired between May 1 and September 15 as a Summer Youth Employee.
- An 18 to 39 year old member of a family that is receiving or has recently received SNAP benefits.
- A recipient of Supplemental Security Income (SSI) benefits.
- A long-term TANF recipient.

## Amount of the Credit

The WOTC credit can potentially be as much as:

- \$2,400 for each new adult hire;
- \$2,400 - \$9,600 for each new veteran hire;
- \$1,200 for each new summer youth hire; and
- \$9,000 for each new long-term TAFDC/TANF recipient hired (this is claimed over a two-year retention period)

## Application Process

The first step is pre-screening to determine eligibility. The jobseeker and the employer must complete the following forms:

- Individual Characteristics Form Work Opportunity Tax Credits ETA 9061 or ETA 9062
- Pre-Screening Notice and Certification Request for Work Opportunity Credit, IRS Form 8850
- The employer and the jobseeker must sign the Form 8850. The employer then sends the forms to the Department of Career Services postmarked no later than the 28th day after the jobseeker begins work.

Mail the Form 8850 with the ETA 9061 or ETA 9062 attached to:

Work Opportunity Tax Credit Unit, 1<sup>st</sup> Floor  
19 Staniford Street  
Boston, MA 02114

Requests can also be submitted via e-mail, fax or online.  
For additional information call 617-626-5353