

Work Opportunity Tax Credit

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 2010

- Massachusetts WOTC unit processed 31,586 new requests from the employer community.
- Massachusetts WOTC unit issued 12,210 certifications.
- These certifications represent a "maximum potential" tax credit of over \$42,000,000 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.
- A veteran who is a member of a family that is receiving or has recently received Supplemental Nutrition Assistance Program (SNAP) benefits and certain qualified disabled veterans.
- A recently released ex-felon.
- An 18 to 39 year old resident of one of the 105 federally designated Empowerment Zone/Renewal Communities. (Lowell/Lawrence Renewal Communities expired 12/31/2009; Boston Empowerment Zone expires 12/31/2011. Please note that legislative reauthorization is possible)
- 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/Renewal Community resident hired between May 1 and September 15 as a Summer Youth Employee. (Lowell/Lawrence Renewal Communities expired 12/31/2009; Boston Empowerment Zone expires 12/31/2011. Please note that legislative reauthorization is possible)
- 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.
- The "American Recovery and Reinvestment Act of 2009" has created two additional WOTC categories for individuals hired in 2009 and 2010: Unemployed Veterans and Disconnected Youth. (expired 12/31/2010 but please note that legislative reauthorization is possible)

Amount of the Credit

The WOTC credit can potentially be as much as:

- \$2,400 for each new adult hire;
- \$4,800 for each new disabled 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:

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