**Work Opportunity Tax Credit (WOTC) General Information**

What Is WOTC?

* A Federal tax credit available to employers in 53 states and territories who hire individuals in certain traditionally hard-to-hire target groups.
* In California, the Employment Development Department (EDD) administers the processing of the WOTC certifications.

The WOTC promotes the hiring of individuals who qualify as members of target groups, by providing a federal tax credit incentive of up to *$9,600* for employers who hire them.

The WOTC has two purposes:

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

**9 Target Groups**

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 Veteran**

Any qualified veteran who is:

* + A member of a family receiving assistance under the Supplemental Nutrition Assistance Program (SNAP) (food stamps) for at least 3 months during the first 15 months of employment.
	+ Unemployed for a period totaling at least 4 weeks (whether or not consecutive) but less than 6 months in the 1-year period ending on the hiring date.
	+ Unemployed for a period totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.
	+ A disabled veteran entitled to compensation for a service-connected disability hired not more than one year after being discharged or released from active duty in the U.S. Armed Forces.
	+ A disabled veteran entitled to compensation for a service-connected disability who is unemployed for a period totaling at least six months (whether or not consecutive) in the one-year period ending on the hiring date.

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

* 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
* 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” (ABAWD 1), is 18 through 39 years of age on the hiring date, and
* 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 on 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.
* **Group L – Qualified Long-Term Unemployment Recipient**

Any individual who:

* On the day before the individual begins work for the employer, or, if earlier, the day the individual completes the IRS Form 8850 as a prescreening notice, is in a period of unemployment that is not less than 27 consecutive weeks, and
* Includes a period (which may be less than 27 weeks) in which the individual received unemployment compensation under State or Federal law.
* The Employment Development Department is the WOTC certifying agency for California employers.
* There are two forms that must be filled out and signed by both the employee and the employer to request a certification:
	1. Internal Revenue Service (IRS) form:
	**IRS 8850** – Prescreening Notice and Certification Request
	2. Department of Labor (DOL) form:
	**DOL-ETA 9062** – Conditional Certification WOTC Form
		+ This also requires a signature from an Authorized Official from a State Workforce Agency. In this case it will be the DOR Business Specialist
* DOR Business Specialists can complete the Form 9062 before the job seeker is hired. This form is used to assist the job applicant in marketing themselves to employers by telling employers that they can potentially receive a tax credit for hiring them. The job seeker takes form (9062) with them indicating that they are certified as being in a target group.
* **The 9062 must be submitted to CA WOTC accompanied by an IRS Form 8850 no later than the 28th calendar day after the date the job seeker/employee is hired**.
	1. Applications postmarked later than 28 days after the Start Date will be considered “Untimely” and will be denied.
	2. If the 28th day falls on a weekend, Federal holiday, or California State holiday, the final date for submission will be the next immediate business day
* Although there is electronic system for employers to submit applications, applications with a 9062 must be mailed in to the EDD.

Mailing Address:

**Employment Development Department**

**Attn: Work Opportunity Tax Credit Authorization Center**

**2901 50th Street**

**Sacramento, CA 95817**

**Website Links for WOTC Resources and Forms**

[Work Opportunity Tax Credit | Internal Revenue Service (irs.gov)](https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit)

[**Form 9062** Conditional Certification (dol.gov)](https://www.dol.gov/sites/dolgov/files/ETA/wotc/pdfs/ETA_Form_9062.pdf)

* Form filled out and signed by DOR

[**Form 8850** (Rev. March 2016) (irs.gov)](https://www.irs.gov/pub/irs-pdf/f8850.pdf)

Work Opportunity Tax Credit:

<http://www.edd.ca.gov/jobs_and_training/Work_Opportunity_Tax_Credit.htm>