



ODEP

Office of Disability
Employment Policy

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Work Opportunity Tax Credit—An Under-Utilized Employer Tax Incentive to Hire Individuals with Disabilities

The Work Opportunity Tax Credit (WOTC) Program is a winning opportunity for businesses to solve key workforce shortages and reduce hiring costs by using the credit for new employees with disabilities. When an employer fills a vacant position with a WOTC-certified employee, the employer can become qualified to claim a federal income tax credit for a portion of the new employee's salary.

Individuals eligible for certification include job seekers with disabilities who are using vocational rehabilitation services, persons receiving Supplemental Security Income (SSI) benefits within 60 days of hire, ticket holders referred by Employment Networks, and disabled veterans. For hires of vocational rehabilitation customers and SSI recipients, the tax credit applies to the first \$6,000 in wages paid to each new hire for the first year of employment, with a maximum tax credit of up to \$2,400 per new hire. For a hire of a disabled veteran, those figures are doubled. Partial tax credits are also available.

To receive WOTC certification for an employee, the employer or employer's representative must:

- Complete and submit IRS Form 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Credit). The form must be signed and dated by both the new hire and the employer by the date the job is offered, and furnished to the state workforce agency within 28 days after the new hire starts work, *and either:*
- Submit the Department of Labor's Employment and Training Administration (ETA) Form 9061 (Individual Characteristics Form); *or*
- Submit the bottom portion of the ETA Form 9062 instead of Form 9061, if the new hire has been conditionally certified.

For further assistance, employers can contact their state workforce agency WOTC coordinator who can explain the filing procedures, detail specific target group requirements, and process employers' certification requests (IRS Form 8850 and ETA Forms 9061 or 9062). The ETA provides additional WOTC information at www.doleta.gov/business/Incentives/opptax/ and a list of state coordinators on its website at www.doleta.gov/business/incentives/opptax/Directory_of_State_05_31.pdf

More information about the U.S. Department of Labor's Office of Disability Employment Policy (ODEP) is available at www.dol.gov/odep.