WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers who hire individuals from eligible target groups with significant barriers to employment.

The N.C. Division of Workforce Solutions (DWS), part of the N.C. Department of Commerce, administers the WOTC program and determines eligibility for the target groups. The amount of tax credit employers can claim depends on the target group of the individual hired, the wages paid to that individual in the first year of employment, and the number of hours that individual worked.

A business can receive anywhere from $1,200 to $9,600 for each one of its eligible employees.
WHO IS ELIGIBLE?

WOTC Targeted Groups

**Qualified IV-A Recipient**
An individual who is a member receiving (TANF) for any 9 months during the 18-month period ending on the hiring date.

**Veteran**
To be considered a veteran, an applicant must: 1) have served on active duty in the U.S Armed Forces for a period of more than 180 days, or have 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 ending on the hiring date.

**Qualified Veteran**
- Veteran/SNAP: Received SNAP benefits for at least a 3-month period during the 15-months ending on the hire date.
- Unemployed Veteran/4 weeks: Unemployed for a period or periods totaling at least 4 weeks in the 1-year period ending on the hiring date.
- Unemployed Veteran/6 Months: Unemployed for a period or periods totaling at least 6 months in the 1-year period ending on the hiring date.
- Disabled Veteran: Entitled to compensation for a service-connected disability and is hired not more than 1 year after being discharged or released from active duty.
- Disabled Unemployed Veteran: Entitled to compensation for a service-connected disability and was unemployed for a period or periods totaling at least 6 months in the 1-year period ending on the hiring date.

**Qualified Ex-Felon**
An individual who has been convicted of a felony under any federal or state law, and is hired not more than 1 year after the conviction or release from prison for that felony.

**Designated Community Resident**
An individual who is at least age 18 but not yet age 40 on the hiring date and lives within an empowerment zone (EZ) or rural renewal county (RRC). Currently, there are no designated EZ or RRC areas in North Carolina.

**Vocational Rehabilitation Referral**
An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.

**SNAP Recipient**
An individual who is 18-39 years old on the hiring date and received SNAP benefits for the 6-month period ending on the hiring date; or is no longer eligible for SNAP, but the family received SNAP benefits for at least 3 months of the 5-month period ending on the hiring date.

**SSI Recipient**
An individual who is receiving supplemental security income benefits for any month ending during the 60-day period ending on the hiring date.
**WOTC TARGETED GROUPS**

**Long-Term Family Assistance Recipient**
An individual who received TANF payments for at least 18 consecutive months ending on the hiring date; or received TANF payments for any 18 months after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended during the past 2 years; or stopped being eligible for TANF payments because federal or state law limits the maximum period such assistance is payable and the individual is hired not more than 2 years after such eligibility ended.

**Qualified Long-Term Unemployment Recipient**
An individual in a period of unemployment that is not less than 27 consecutive weeks and includes a period in which the individual received unemployment compensation under state or federal law.

**Who Does Not Qualify for WOTC?**
A tax credit may not be claimed for:
- Relatives.
- Individuals who have previously worked for the employer.
- Federally subsidized, on-the-job training; however, wages paid after the subsidy expires can qualify for the credit.
- A new employee that works less than 120 hours in the first year of employment.
- 1099 employees.
## WHO IS ELIGIBLE?

### Qualified Tax Credits

<table>
<thead>
<tr>
<th>NON-VETERAN TARGET GROUPS</th>
<th>WORKED 120-400 HOURS</th>
<th>WORKED AT LEAST 400 HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term TANF Recipient</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
<tr>
<td>Long-Term TANF Recipient</td>
<td>N/A</td>
<td>Up to $9,000 Over a 2-year period</td>
</tr>
<tr>
<td>SNAP (food stamp) Recipient</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
<tr>
<td>Designated Community Resident (EZ and RRC)</td>
<td>Up to $1,500</td>
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<td>Vocational Rehabilitation Referral</td>
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<tr>
<td>SSI Recipient</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
<tr>
<td>Long Term Unemployed</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VETERAN TARGET GROUPS</th>
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<th>WORKED AT LEAST 400 HOURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNAP (food stamp) Recipient</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
<tr>
<td>Entitled to compensation for service-connected disability and hired 1 year after leaving service</td>
<td>Up to $3,000</td>
<td>Up to $4,800</td>
</tr>
<tr>
<td>Entitled to compensation for service-connected disability and unemployed at least 6 months</td>
<td>Up to $6,000</td>
<td>Up to $9,600</td>
</tr>
<tr>
<td>Unemployed at least 4 weeks</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
<tr>
<td>Unemployed at least 6 months</td>
<td>Up to $1,500</td>
<td>Up to $2,400</td>
</tr>
</tbody>
</table>

HOW DOES IT WORK?
The WOTC Application Process

STEP 1

STEP 2
Complete U.S. Department of Labor ETA Form 9061 Individual Characteristics or ETA Form 9062 Conditional Certification at [dol.gov/agencies/eta/wotc/how-to-file](http://dol.gov/agencies/eta/wotc/how-to-file).

STEP 3
Register as a user at [ncworkswotc.com](http://ncworkswotc.com) and submit an online request to DWS within 28 days of the new employee start date. Hard copies of Forms 8850 and 9061 are retained by employers for their records.

STEP 4
Receive electronic determination of certification for eligibility of the WOTC target groups, denial with explanation or request for additional information.

STEP 5
After receiving a certification, employers may file for the tax credit with the IRS. Generally, an employer elects to take the credit by filing IRS Forms 3800 at [irs.gov/forms-pubs/about-form-3800](https://irs.gov/forms-pubs/about-form-3800) and 5884 at [irs.gov/forms-pubs/about-form-5884](https://irs.gov/forms-pubs/about-form-5884). However, a tax-exempt organization that hires an employee in the WOTC veteran target group should use IRS Form 5884-C at [irs.gov/forms-pubs/about-form-5884-c](https://irs.gov/forms-pubs/about-form-5884-c). Employers must meet requirements for the Minimum Employment Period, which is the number of hours required to be worked by the employee – at least 120 hours in the first year of employment – before they can file and qualify for the tax credit.
OPPORTUNITY IS FOR EVERYONE

Get more information about WOTC.

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10,000 copies printed at $0.30457 each / $3,045.73 total.