

NC DIVISION OF SERVICES FOR THE BLIND POLICIES AND PROCEDURES VOCATIONAL REHABILITATION

Section:	W
Title:	Work Opportunities Tax Credit
Current Effective Date:	02/08
Revision History:	Revised 06/01

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit program available to employers who hire new employees referred by Vocational Rehabilitation (VR) Services. Current Federal reauthorization of the credit applies to eligible individuals who begin work prior to **December 31, 2007**. All individuals referred by VR services qualify. Seven other “targeted” groups which have historically had difficulty in finding employment are also eligible.* While the North Carolina Employment Security Commission (ESC) is the certifying authority for the tax credit, VR services is the only Agency that can “conditionally certify” the individuals it refers for employment. This can be a substantial advantage to employers as the individuals referred as “conditionally certified” will be guaranteed certification by the ESC as long as the appropriate documentation is dated on the employee’s first working day and the documents are mailed to the ESC within 21 days. The credit is used to reduce the Federal tax liability of private-for-profit employers.

Amount of Tax Credits

The employer can claim a Federal income tax credit equal to 40% of the employee’s first \$6000 in qualified wages up to a maximum of \$2400 if the employee works 400 hours. Partial credit of 25% of up to \$6,000 in qualified wages is available after the employee has worked 120 hours.

Certification Requirements/How to File

The responsible VR Staff member will complete the Employment & Training Administration (ETA) 9062 **Conditional Certification Work Opportunity Tax Credit** (6-97) and the top portion of Internal Revenue Service (IRS) Form 8850, **Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits** (11-98). The staff member will give these forms to the employer by the first day of hire or will give the original of each form to the individual/employee with instructions to give them to the employer at hire. The employer will then complete and sign IRS Form 8850 and have the employee sign and date it for the first day of work. The employer will then mail the IRS Form 8850 and the ETA 9062 (provided by the VR Staff Member or the employee) to the NC Employment Security Commission within 21 days of the date of hire.

Locating Forms/Where to File

The IRS Form 8850 (revised 02-07)

The IRS Form 8850 instructions (revised 02-07)

ETA 9061 can be used by employers in lieu of Form 9062 but no conditional certification is implied (revised 06-07)

ETA 9062 (revised 12-06) must be received from VR or related participating Agency
Forms can also be requested by contacting WOTC’s Fax on Demand Service. Call 1(877) 828-2050 on a touch tone telephone, follow the instructions and request the documents by the number assigned:

Both the IRS 8850 and ETA 9062 or ETA 9061 should be filed with:

The North Carolina Employment Security Commission
Attn: Applicant Services Unit – WOTC
P.O. Box 27625
Raleigh, North Carolina 27611-7625

* Other Target Groups eligible for WOTC include:

1. Qualified IV-A Recipients

Recipients of AFDC (TANF) could be eligible for *Welfare to Work Tax Credit (WtW)*.

2. Qualified Veterans

A person receiving assistance under a IV-A program for at least a 9-month consecutive period or who is a member of a family receiving food stamps for at least a 3-month consecutive period and who has served on active duty in the Armed Forces of the United States or was discharged or released from active duty in the Armed Forces of the United States for a service-connected disability.

3. Qualified Ex-Felons

Any person who has been convicted of a felony and who has a hiring date which is not more than one year after the later of the date on which he/she was so convicted or the date released from prison, and is member of an economically disadvantaged family.

4. High Risk Youth

Any person who is at least age 18 but not yet age 25 on the hiring date and resides within an Empowerment Zone or Enterprise Community.**

5. Qualified Summer Youth

Any person who performs services for the employer between May 1 and September 15, is between the ages of 16 and 18, and lives within an Empowerment Zone or Enterprise Community.**

6. Qualified Food Stamp Recipient

Any person between the ages of 18 and 25 who is a member of a family receiving assistance under a food stamp program for the 6-month consecutive period ending on the hiring date.

7. Qualified Supplemental Security Income (SSI) Recipient

Individuals who received SSI benefits under Title XVI of the Social Security Act

Additional information may be obtained by calling (919) 733-4896 in Raleigh, contacting your local ESC Job Service Center, or visiting the ESC Web Page on the Internet at ESC Online at or e-mail at wofc@ncmail.net

****Empowerment Zone or Enterprise Community**

North Carolina has no empowerment zones. The Rural Enterprise Communities in North Carolina are The Halifax/Edgecombe/Wilson Empowerment Alliance (covering Halifax, Edgecombe and Wilson Counties) and the Robeson County Enterprise Community (covering Robeson County). The Urban Enterprise Community is the City of Charlotte.