



Work Opportunity Tax Credit Program

Effective Through September 1, 2011



October
2008

Unemployment Insurance Agency

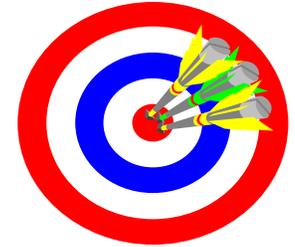


Introduction

1. General Overview of Target Groups
2. Review of the Employer Credit
3. Individual Target Group Criteria
4. Program Forms
5. Marketing Suggestions



Michigan's Target Groups



1. **SHORT TERM TANF RECIPIENT**
2. **LONG TERM TANF RECIPIENT**
3. **FOOD STAMP RECIPIENT AGE 18 to 39**
4. **VETERAN FOOD STAMP RECIPIENT or DISABLED VETERAN**
5. **DESIGNATED COMMUNITY RESIDENT AGE 18 to 39***
6. **SUMMER YOUTH AGE 16 to 17***

***Must also live in Detroit's EZ/RC, Flint's RC & the RRC counties of Gogebic, Marquette & Ontonagon. EC's discontinued 1/1/05.**

7. **EX-FELON CONVICTION/RELEASE 1-YEAR**
8. **VOCATIONAL REHABILITATION PARTICIPANT**

***MUST BE ON A WORK PLAN. ADDED TICKET TO WORK EFF 3/2/04.**

9. **SSI RECIPIENT**



The WOTC Credit

1. KEY POINTS
2. HOW TO CALCULATE



WOTC Tax Credit Information

- THE WOTC CREDIT TARGETS PROFIT BUSINESSES
- CREDIT CLAIMED ON IRS FORM 5884 (www.irs.gov)
- CAN CLAIM THE CREDIT ANY TIME WITHIN 3 YEARS OF A RETURN
- CAN CARRY CREDIT BACK 1 YEAR AND FORWARD 20 YEARS
- IF SELL BUSINESS CAN TRANSFER ANY UNUSED PORTION TO SUCCESSOR



The Work Opportunity Credit First Year of Employment begins with new hire's *start date*.

EMPLOYEE:

Works 120 hrs +

Works 400 hrs. +

EMPLOYER:

Claims 25% Tax Credit

Claims 40% Tax Credit



The Work Opportunity Credit

First Year of Employment

Maximum IRS Credit per each Qualifying New Hire



Target Group

Maximum Gross Wages

Maximum Credit Amount (40%)

Long Term TANF Recipient.....

\$10,000

\$4,000

Summer Youth.....

\$3,000

\$1,200

Disabled Veteran.....

\$12,000

\$4,800

All Other Target Groups.....

\$6,000

\$2,400



How Much?

Starts Work January 1, 2008

Works 10 full time weeks for 400 hours and earns gross wages of \$4,000 before being laid-off

Returns to work December 1, 2008, and for the year earns total gross wages of \$5,600

How much tax credit can be claimed?



ANSWER:

40% X \$5,600 wages = \$2,240 tax credit



The Work Opportunity Credit
Second Year of Employment
Only for the Long-Term TANF Recipient
Target Group

<u>Target Group</u>	<u>Maximum Gross Wages</u>	<u>Maximum Credit Amount (50%)</u>
Long Term TANF Recipient.....	\$10,000	\$5,000



LONG-TERM TANF RECIPIENT

**First 2 Years of Employment & First
\$10,000 Wages Paid Each Year.**



Employee must work first year for second year credit

YEAR 1 - Tax Credit 40%

Maximum Credit, \$4,000

YEAR 2 - Tax Credit 50%

Maximum Credit, \$5,000

\$9,000

Potential Credit



Are there any limits on this tax credit?



Target Group Criteria

Work Opportunity Target Group

Short-term TANF Recipient



- ✓ ***A New Hire*** that is a **member of a family** on Temporary Assistance for Needy Families [TANF] *any 9-months* within the last **18-months** from the *hire date*.



Work Opportunity Target Group *Long-term TANF Recipient*



→ *A New Hire* that is a member of a family on Temporary Assistance for Needy Families [TANF] *any* 18-months within the last 43 months from the *hire date*.....OR

→ TANF eligibility expired because received 60 months since Aug 1997 & such eligibility ended within 2 years of *hire date*.



Work Opportunity Target Group Food Stamp Recipient



- ✓ New hire is 18 to 39 years old on or before the *hire date*.
- ✓ New hire is a member of a family that received 6 continuous months of food stamp support within the 7 months ending on the *hire date*.





VETERAN TARGET GROUP: Either a \$2,400 or \$4,800 Tax Credit

Work Opportunity Target Group

Veteran Definition



For WOTC a Veteran is defined as having served on active duty for more than 180 days or was discharged for a service-connected disability.

The Veteran can not have a period of active duty that is more than 90-days that ends within 60-days of the *hire date*.





Work Opportunity Target Group
Veteran with Food Stamps - \$2,400
Maximum Credit



Must also be a member of a family that received 3-*continuous* months of food stamp support within the 15 months ending on the *hire date*.

OR NEW IN 2007

Disabled Veteran - \$4,800 Maximum Credit

Must also be entitled to compensation for a service-connected disability of 10% or greater with hire within 1-year from discharge/release or have been unemployed any 6 months within 1-year of *hire*.





Veteran Target Group Summary

- **Need copy of DD214**
- **For Disabled Vet Need VA Award Letter**
- **For Unemployed Disabled Vet Need Sign Statement.**

Note:

The WOTC Unit is currently working to provide a veteran signed release statement for obtaining both Veteran status and service-connected disability percentage ratings directly from the VA.

Work Opportunity Target Group SSI Recipient



- ✓ *New hire* that is on Supplemental Security Income [SSI] for any month that ends within last 60 days from *hire date*.

EXAMPLE HIRED MARCH 24, 2008 -

- ➔ Must have received an SSI payment in Jan or Feb since these months ended within last 60 days from hire date.



Unemployment Insurance Agency

Work Opportunity Target Group Vocational Rehabilitation Participant



→ Received Services through MI Rehabilitation Services, Commission for the Blind or Ticket to Work Program and has/is on an individual work plan.

→ Disabled Veteran Under Ch. 31 and has/is on an individual work plan.

Note: Employee must be on the work plan by the hire date or if case is closed, closure cannot be more than 2 years from the hire date.



Unemployment Insurance Agency

Work Opportunity Target Group

EX-FELON



- ✓ *A new hire that has either a conviction or release date within 1-year ending on the hire date.*





Work Opportunity Target Group Designated Community Resident



- ✓ 18 to 39 years old on or before the hire date
- ✓ Lives in EZ/RC/RRC for period employer is claiming the credit.

Michigan's EZ/RC/RRC locations are:

*Detroit, Flint, and the counties of
Gogebic, Marquette & Ontonagon*



Unemployment Insurance Agency

Work Opportunity Target Group

SUMMER YOUTH



- ✓ 16 or 17 on hire date or before May 1st
- ✓ Starts work for summer between May 1st and Sept 15th.
- ✓ Lives in EZ/RC/RRC for period employer claims the tax credit.



Unemployment Insurance Agency



Program Forms

October
2008

Unemployment Insurance Agency



Michigan Department of Labor & Economic Growth

8850 Form (Rev. June 2007) Department of the Treasury Internal Revenue Service

Pre-Screening Notice and Certification Request for the Work Opportunity Credit > See separate instructions.

OMB No. 1545-1500

Job Applicant: Fill in the lines below and check any boxes that apply. Complete only this side.

Your name: _____ Social Security Number: ____ / ____ / ____

Street Address Where You Live: _____

City or Town, State and ZIP Code: _____

Telephone No. (____) _____

If you are under age 40, enter your date of birth (month, day, year) ____ / ____ / ____

- 1. Check here if you are completing this form before August 28, 2007, and you lived in the area impacted by Hurricane Katrina on August 28, 2005. If so, please enter the address, including county or parish and state where you lived at that time.
2. Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.
3. Check here if any of the following statements apply to you.
- I am a member of a family that has received assistance from Temporary Assistance for Needy Families (TANF) for any 9 months during the last 18 months.
- I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
- I was referred here by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.
- I am at least age 18 but not age 40 or older and I am a member of a family that:
a. Received food stamps for the last 8 months, or
b. Received food stamps for at least 3 of the last 5 months, but is no longer eligible to receive them.
- During the past year, I was convicted of a felony or released from prison for a felony.
- I received supplemental security income (SSI) benefits for any month ending during the past 60 days.
4. Check here if you are a veteran entitled to compensation for a service-connected disability and, during the past year, you were:
- Discharged or released from active duty in the U.S. Armed Forces, or
- Unemployed for a period or periods totaling at least 6 months.
5. Check here if you are a member of a family that:
- Received TANF payments for at least the last 18 months, or
- Received TANF payments for any 18 months beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years, or
- Stopped being eligible for TANF payments during the last 2 years because federal or state law limited the maximum time those payments could be made.

Signature—All Applicants Must Sign

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Only Original Full Signatures Accepted

Job applicant's signature >

Date ____ / ____ / ____

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 22851L

Form 8850 (Rev. 6-07 Mich. Reprint)

October 2008

Unemployment Insurance Agency



Michigan Department of Labor & Economic Growth



For Employer's Use Only

Employer's Telephone
Name: Number: () EIN

Street Address:

City or Town, State, and ZIP Code:

Person to Contact, if different from above: Telephone No. ()

Street Address:

City or Town, State, and ZIP Code:

If, based on the individual's age and home address, he or she is a member of group 4 or 5 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 5)

DATE APPLICANT: Gave information, Was offered job, Was hired, Started job

Complete Only if Box 1 on Page 1 is Checked

State and county or parish of job. Check if the individual was not your employee on August 28, 2005 and this is the first time the employee has been hired by you since August 28, 2005.

Under penalties of perjury, I declare that I completed this form on or before the day it job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group. I hereby request a certification that the individual is a member of a targeted group.

Only Original Full Signatures Accepted

Employer's signature Title Date

Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code.

Section 51(d)(18) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's federal tax return. Completion of this form is voluntary and may assist members of targeted groups in securing employment. Routine uses of this form include giving it to the state workforce agency (SWA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group. This form may also be given to the Internal Revenue Service for administration of the

Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SWA, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6108.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping 5 hrs., 30 min.
Learning about the law or the form 24 min.
Preparing and sending this form to the SWA 30 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:QAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224.

DO NOT send this form to this address. Instead, see When and Where To File in the separate instructions.

For Michigan new hires, please mail this form to:

Unemployment Insurance Agency
WOTG Unit
P.O. Box 8067
Royal Oak, MI 48068-8067



For 8850 to be Timely:

- MUST BE POST MARKED NO LATER THAN **28 DAYS** FROM EMPLOYEE'S FIRST DAY ON THE JOB.
- WHEN COUNTING, THE NEXT DAY AFTER BEGINS WORK IS NUMBER 1.
- WE DO NOT COUNT SATURDAYS, SUNDAYS OR FEDERAL HOLIDAYS. IF 28th DAY FALLS ON DAY NOT COUNTED, LAST DAY IS NEXT BUSINESS DAY.

***ELIMINATING DENIALS FOR UNTIMELY FILING IS
TOP PRIORITY.***



Michigan Department of Labor & Economic Growth

Individual Characteristics Form (ICF)
Work Opportunity Tax Credit

U.S. Department of Labor
Employment and Training Administration

1. CONTROL NO. (For Agency Use Only)		APPLICANT INFORMATION (See Instructions on reverse)		OMB No. 1205-0371 Expiration Date: _____ 2. Date Received (For Agency Use Only)	
EMPLOYER INFORMATION					
3. Employer Name		4. Employer Address and Telephone		5. Employer Federal ID Number (EIN)	
APPLICANT INFORMATION					
6. Applicant Name (Last, First, MI)		7. Social Security Number		8. Have you worked for this employer before? Yes ___ No ___ If YES, enter date: _____	
APPLICATION CHARACTERISTICS FOR WOTC TARGET GROUP CERTIFICATION					
9. Employer Start Date		10. Starting Wage		11. Position	
12. Are you at least age 18, but under age 60? Yes ___ No ___ If YES, enter your date of birth _____					
13. Are you a Veteran of the U.S. Armed Forces? Yes ___ No ___ If NO, go to Box 14. If YES, are you a member of a family that received Feed Stamps for at least 3 months during the 15 months before you were hired? Yes ___ No ___ If YES, enter name of primary recipient _____ and city and state where benefits were received _____ Or, are you a veteran entitled to compensation for a service-connected disability? Yes ___ No ___ If YES, were you discharged or released from active duty within a year before you were hired? Yes ___ No ___ Or, were you unemployed for a combined period of at least 6 months during the year before you were hired? Yes ___ No ___					
14. Are you a member of a family that received Feed Stamps for the 6 months before you were hired? Yes ___ No ___ Or, received Feed Stamps for at least a 3-month period during the 6 months before you were hired and are no longer receiving them? Yes ___ No ___ If YES to either question, enter name of primary recipient _____ and city and state where benefits were received _____					
15. Were you referred to an employer by a Vocational Rehabilitation Agency approved by a State? Yes ___ No ___ Or, by an Employment Network under the Ticket to Work Program? Yes ___ No ___ Or, by the Department of Veterans Affairs? Yes ___ No ___					
16. Are you a member of a family that received TANF assistance for any 9 months during the 18 months before you were hired? Yes ___ No ___ If NO, are you a member of a family that received TANF assistance for at least the last 18 months before you were hired? Yes ___ No ___ Or, are you a member of a family that received TANF benefits for any 18 months beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, and ended within 2 years before you were hired? Yes ___ No ___ Or, did your family stop being eligible for TANF assistance within 2 years before you were hired because Federal or state law limited the maximum time these payments could be made? Yes ___ No ___ If YES, to any question, enter name of primary recipient _____ and city and state where benefits were received _____					
17. Were you convicted of a felony or released from prison after a felony conviction during the year before you were hired? Yes ___ No ___ If YES, enter date of conviction _____ and date of release _____					
18. Do you live in an Empowerment Zone or Renewal Community? Yes ___ No ___ Or, in a Rural Renewal County (RRC)? Yes ___ No ___ If YES, enter name of the RRC: _____					
19. Did you receive Supplemental Security Income (SSI) benefits for any month ending within 90 days before you were hired? Yes ___ No ___					
20. Sources used to document eligibility:					
certify that this information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification.					
21. SIGNATURE:				22. DATE COMPLETED FORM:	



ETA FORM 9061 “Individual Characteristics Form” Requirements

- NEED FULLY COMPLETED FORM,
- NEED AT LEAST ONE BOX CHECKED “YES” FOR A TARGET GROUP,
- THERE IS NO TIME LIMIT FOR SUBMITTING THIS FORM.

Individual completing form should sign it.

The original is not needed so this form can be faxed or mailed separately from Form 8850.

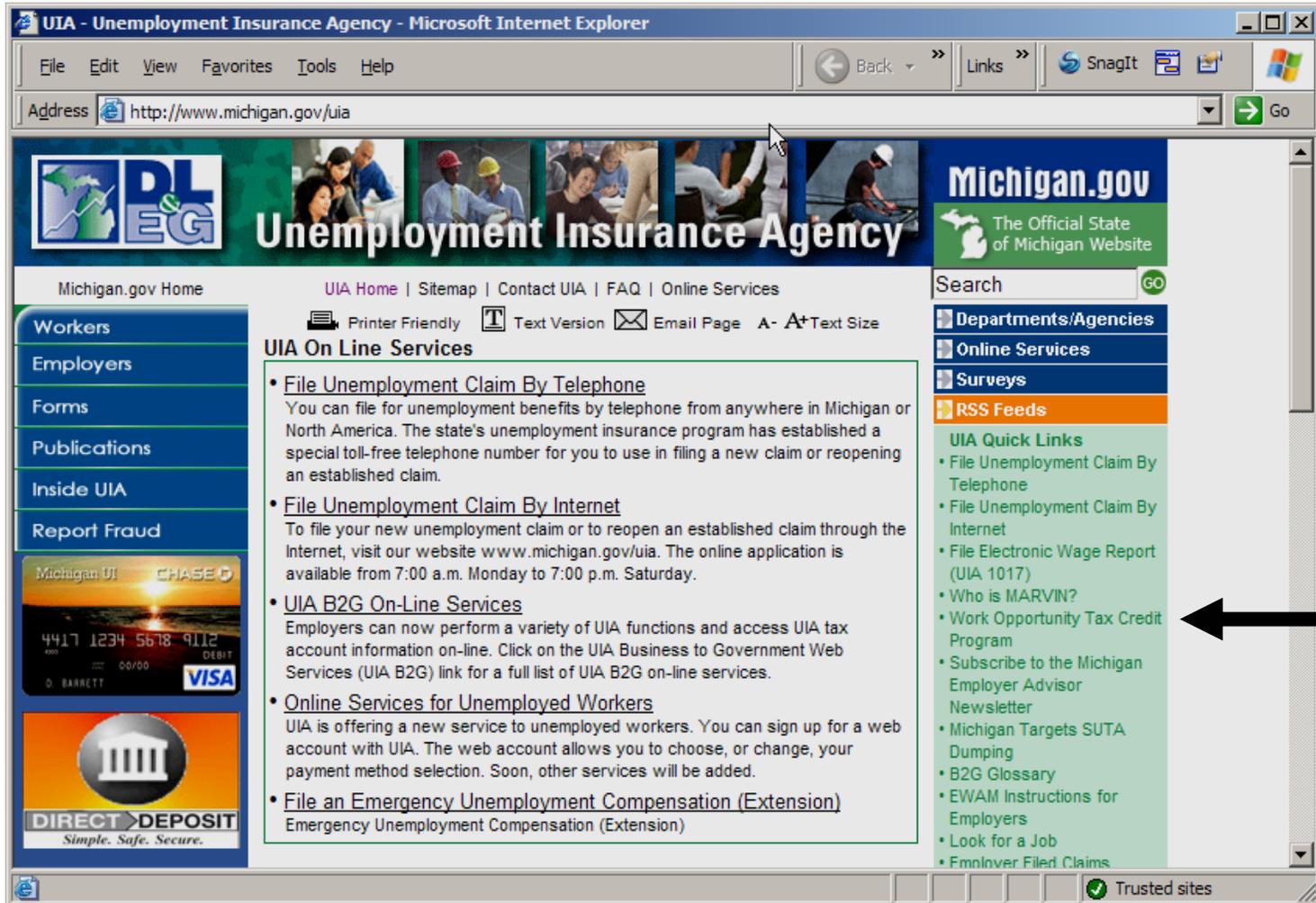
Marketing Suggestions

Do's

-  **Supply forms and docs to employer**
-  **Show employer where they complete & sign forms**
-  **Make sure employer knows time limit**
-  **Provide mail address & WOTC 800#.**

Don'ts

-  **Use old forms**
-  **Send unnecessary paperwork**
-  **Lose touch with program changes**
-  **Accept employer's responsibility to complete & timely submit forms.**



UIA - Unemployment Insurance Agency - Microsoft Internet Explorer

Address <http://www.michigan.gov/uia>

Michigan.gov Home | [UIA Home](#) | [Sitemap](#) | [Contact UIA](#) | [FAQ](#) | [Online Services](#)

Printer Friendly | Text Version | Email Page | A- A+ Text Size

UIA On Line Services

- [File Unemployment Claim By Telephone](#)
 You can file for unemployment benefits by telephone from anywhere in Michigan or North America. The state's unemployment insurance program has established a special toll-free telephone number for you to use in filing a new claim or reopening an established claim.
- [File Unemployment Claim By Internet](#)
 To file your new unemployment claim or to reopen an established claim through the Internet, visit our website www.michigan.gov/uia. The online application is available from 7:00 a.m. Monday to 7:00 p.m. Saturday.
- [UIA B2G On-Line Services](#)
 Employers can now perform a variety of UIA functions and access UIA tax account information on-line. Click on the UIA Business to Government Web Services (UIA B2G) link for a full list of UIA B2G on-line services.
- [Online Services for Unemployed Workers](#)
 UIA is offering a new service to unemployed workers. You can sign up for a web account with UIA. The web account allows you to choose, or change, your payment method selection. Soon, other services will be added.
- [File an Emergency Unemployment Compensation \(Extension\)](#)
 Emergency Unemployment Compensation (Extension)

Michigan.gov Home

Workers
Employers
Forms
Publications
Inside UIA
Report Fraud

Michigan UI CHASE
4417 1234 5678 9112
D. BARNETT VISA

DIRECT DEPOSIT
Simple. Safe. Secure.

Michigan.gov
The Official State of Michigan Website

Search GO

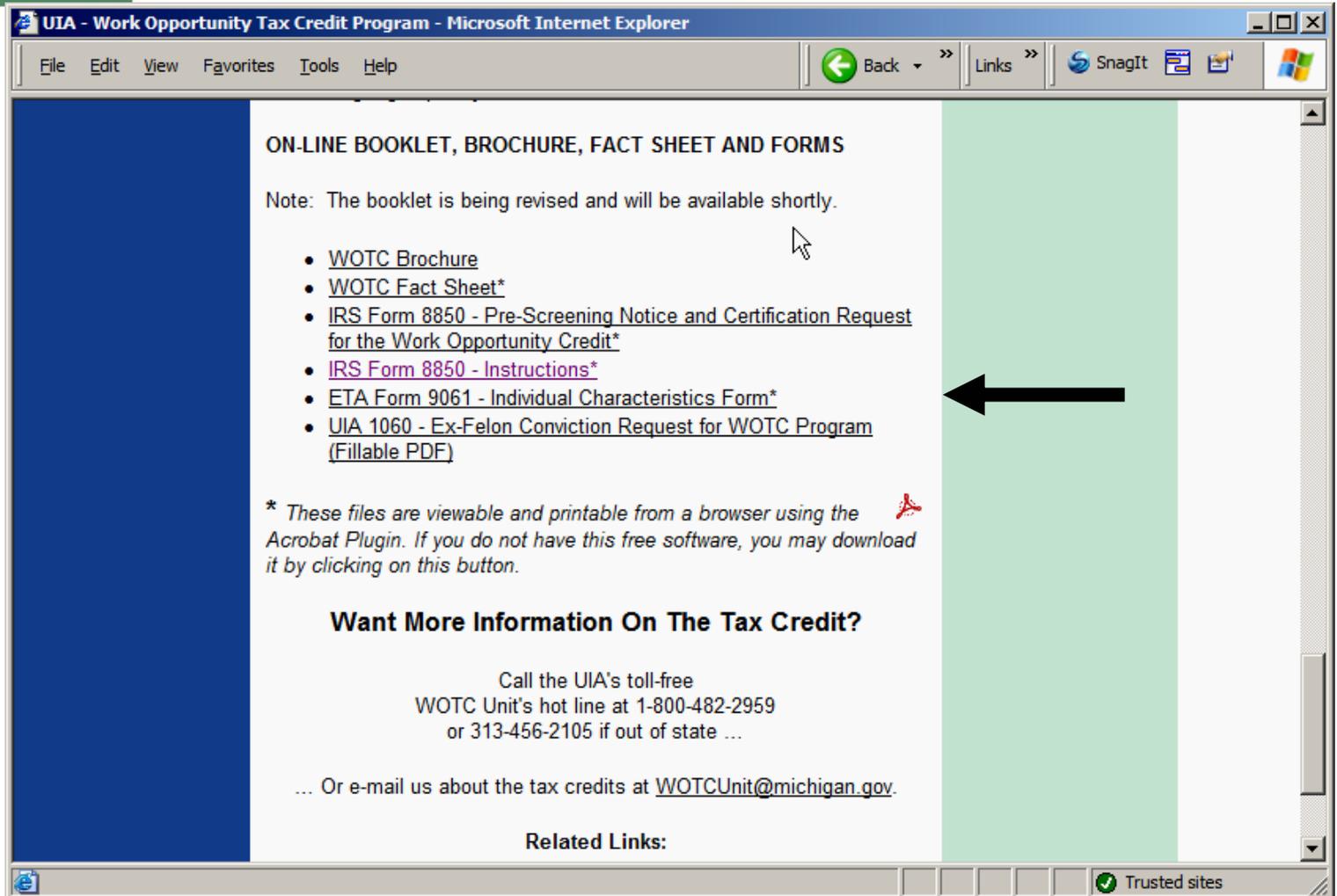
Departments/Agencies
Online Services
Surveys
RSS Feeds

UIA Quick Links

- File Unemployment Claim By Telephone
- File Unemployment Claim By Internet
- File Electronic Wage Report (UIA 1017)
- Who is MARVIN?
- Work Opportunity Tax Credit Program
- Subscribe to the Michigan Employer Advisor Newsletter
- Michigan Targets SUTA Dumping
- B2G Glossary
- EWAM Instructions for Employers
- Look for a Job
- Employer Filed Claims

Trusted sites

Current Forms and Information Online



UIA - Work Opportunity Tax Credit Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Links SnagIt

ON-LINE BOOKLET, BROCHURE, FACT SHEET AND FORMS

Note: The booklet is being revised and will be available shortly.

- [WOTC Brochure](#)
- [WOTC Fact Sheet*](#)
- [IRS Form 8850 - Pre-Screening Notice and Certification Request for the Work Opportunity Credit*](#)
- [IRS Form 8850 - Instructions*](#)
- [ETA Form 9061 - Individual Characteristics Form*](#)
- [UIA 1060 - Ex-Felon Conviction Request for WOTC Program \(Fillable PDF\)](#)

* These files are viewable and printable from a browser using the Acrobat Plugin. If you do not have this free software, you may download it by clicking on this button.

Want More Information On The Tax Credit?

Call the UIA's toll-free
WOTC Unit's hot line at 1-800-482-2959
or 313-456-2105 if out of state ...

... Or e-mail us about the tax credits at WOTCUnit@michigan.gov.

Related Links:

Trusted sites



Contact Information

Today's Presenter has been Sandra Demetriou, DLEG-UIA.

For a copy of this presentation, send an email request to Darlene Hubsy, hubskyd@michigan.gov

The Work Opportunity Tax Credit presentation will be posted on the training Website at: www.michigan.gov/bwt in the next few days under Other Webinar Documents.