Who Doesn’t Qualify?

- No tax credit can be claimed for wages paid to relatives.
- No tax credit can be claimed for rehires.
- No tax credit can be claimed for federally subsidized on-the-job training; however, the time accumulated while on-the-job training may be used for the employment period. Wages paid after the subsidy expires can be used to claim the tax credit.
- The same individual may qualify the employer for both tax credits. However, both tax credits cannot be claimed for the same individual in the same taxable year.

WHERE TO GET MORE INFORMATION

To learn more about the WOTC and W2W programs, you can call the WOTC Unit at 800-482-2959 or 313-456-2105. When you call, you may request forms to be mailed or faxed.

To obtain further tax credit information & forms, please visit our website: www.michigan.gov/uiu

For Ticket to Work information, call 1-866-968-7842 or visit www.yourtickettowork.com
Earn the Welfare-to-Work and Work Opportunity Tax Credits

- Employers make the hiring decision
- No limit to the number of new hires who can qualify their employer for these tax savings
- Minimal paperwork to claim the tax credits


The Welfare-to-Work Tax Credit for hiring long-term welfare recipients is as much as $8,500 per new hire: 35% of qualified wages for the first year of employment, and 50% for the second year of employment. Employee must work at least 400 hours or 180 days. Qualified wages—which include tax-exempt amounts paid by the employer for accident and health plans as well as educational & dependent assistance programs—are capped at $10,000 per year. To qualify employers for W2W, new hires must begin work before January 1, 2006.

The Work Opportunity Tax Credit for hiring from a WOTC target group is as much as $2,400 per new hire: 40% of qualified first-year wages for those employed at least 400 hours; 25% for those employed at least 120 hours. Qualified wages are capped at $6,000 ($3,000 for summer youth target group). To qualify employers for the WOTC, new hires must begin work before January 1, 2006.

Note: Program expiration dates are subject to legislative law changes & may be extended. Call the Unemployment Insurance Agency (UIA), WOTC Unit, for current program information.

Hire From Among These 9 Groups of Job Seekers to Qualify for the W2W or WOTC Tax Credits

WELFARE-TO-WORK TAX CREDIT
TARGET GROUP 1
1. Long-term Welfare Recipients must be on a family grant for Temporary Assistance for Needy Families (TANF). They must also have:
   - Received TANF payments for at least 18 consecutive months ending on the hire date or . . .
   - Received TANF payments for any 18 months beginning after August 5, 1997 and the earliest 18-month period ended within the last 2 years or . . .
   - Stopped being eligible for TANF payments within the last 2 years because a Federal or state law limited the maximum time those payments could be made.

WORK OPPORTUNITY TAX CREDIT
TARGET GROUPS 2-9
2. Short-term Welfare recipients must be on TANF for any 9 months within the last 18 months before hire.
3. Veterans who are a member of a family that received food stamps for at least 3 consecutive months within the last 15 months before hire.
4. Food Stamp Recipients 18-24 years old who are a member of a family that received food stamps for 6 consecutive months before hire or if recipient ceases to be eligible and is without dependents, he/she received food stamps for at least 3 months within 5 months before hire.
5. RC/EZ/EC* Residents 18-24 years old who live in Detroit's Empowerment Zone or Renewal Community; Flint's Renewal Community or the Enterprise Communities of Flint, Muskegon, Lake County or Clare County during the time employer is claiming tax credit for qualified wages paid.
6. Summer Youth, 16-17 years old who live in an RC/EZ/EC and perform services between May 1 and Sept 15.
7. Physically or Mentally Disabled who must currently be on or completed within 2 years of hire, a work plan through Michigan Rehabilitation Services, Commission for the Blind, the Veteran’s Administration, or a private organization approved by the Ticket to Work Program.
8. Ex-Felons who were convicted or released within 1 year of hire and have low family or single income.
9. SSI Recipients who received Supplemental Security Income benefits for any month that ends within the 60 days before hire.

Employers must apply for and receive certification from the Unemployment Insurance Agency that their new hire is a member of one of the 9 target groups listed. Once certified, and minimum required hours met, the employer can claim any tax credit accumulated on his/her federal tax return—use IRS Form 5884, Work Opportunity Tax Credit or IRS Form 8861, Welfare-to-Work Tax Credit.

APPLYING FOR CERTIFICATION TAKES 3 SIMPLE STEPS:

1. IRS Form 8850, “Pre-Screening Notice & Certification Request for the Work Opportunity and Welfare-to-Work Tax Credits,” can be used to pre-screen potential employees. Ask the applicant to complete and sign the front of this form. Upon hire of a potential target group member, the employer must complete and sign the back of this form.
2. ETA Form 9061, “Individual Characteristics Form,” must be completed and signed by the person completing form.**
3. Mail the original signed forms to the UIA’s WOTC Unit no later than 21 days after the new hire’s start date or submit completed forms to any UIA office for date stamping and forwarding to the WOTC Unit.

**Participating agencies may provide ETA Form 9062, “Conditional Certification Form.”

NOTE: You should keep a copy of these forms with your IRS records. We suggest you mail the forms by certified mail.

Mail forms to:
Unemployment Insurance Agency
WOTC Unit
P.O. Box 8067
Royal Oak, MI 48068-8067