

# Work Opportunity Tax Credit

## Tax Credits Available For First Year Of Employment

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment.

The credit is available to employers and valued at up to \$9,600.

For the first year of employment, WOTC allows maximum credits of \$4,800 to \$9,600 for disabled veterans, \$4,000 for long-term recipients of Temporary Assistance to Needy Families (TANF), and \$2,400 for all other target groups. There is an additional \$5,000 credit for long-term TANF recipients who are employed for a second year. The maximum credit amounts for tax-exempt organizations can vary from \$1,560 to \$6,240.



## Apply for WOTC in Three Simple Steps

Employers must apply for and receive certification that their new hire is a member of one of the qualifying groups. Once certified, and the minimum required hours of work are met, the employer can claim the tax credit on their federal tax return – use IRS Form 5884, Work Opportunity Credit. [Go to Michigan.gov/WOTC](https://www.michigan.gov/WOTC) for details.

### 1 Apply Online at [Michigan.gov/UIA](https://www.michigan.gov/UIA)

Through your MiWAM account no later than 28 calendar days after the new hire's start date. Please retain a copy of these forms for your IRS records.

### 2 Complete IRS Form 8850

"Pre-Screening Notice & Certification Request for the Work Opportunity Credit".

### 3 Complete ETA Form 9061

"Individual Characteristics Form", should be signed by the new hire. The employer may complete and sign this form in place of the new hire.

# Who Qualifies

# Who Doesn't Qualify



- Qualified Veterans
- SSI Recipients
- Ex-felons
- Vocational rehabilitation referrals
- Long-term TANF Recipients
- Short-term TANF Recipients
- Food Assistance Recipients
- Designated Community Residents
- Qualified Long-term Unemployment Recipients



## 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 Work Opportunity Tax Credit reduces an employer's cost of doing business and requires little paperwork. The success and growth of this federal income tax credit for private sector employers depends on a strong public and private sector partnership. Helping those most in need to find and retain jobs and gain on-the-job experience benefits all employers and increases Michigan's economic growth and productivity.

To learn more about the WOTC program

800-482-2959 or 313-456-2105

[Michigan.gov/WOTC](http://Michigan.gov/WOTC)

UIA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

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