

WHERE TO OBTAIN FORMS:

All forms can be downloaded from the Department of Labor & Industry web site:
www.dli.state.pa.us

Click on: Business & Organizations
Click on: Financial Incentives/Resources
Click on: Employment Tax Credits
Click on: Work Opportunity Tax Credit

Or contact:

- > Pennsylvania CareerLink Offices
- > Welfare County Assistance Offices

MAIL FORMS TO:

TAX CREDIT COORDINATION SERVICES
651 Boas Street, 13th Floor
Harrisburg, PA 17121-0750

**For Questions or
More Information,
contact:**

**TAX CREDIT
COORDINATION
SERVICES**

1-800-345-2555

Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program

EMPLOYER TAX CREDITS FOR NEW HIRES

• WORK OPPORTUNITY TAX CREDIT

• EMPLOYMENT INCENTIVE PAYMENT TAX CREDIT



pennsylvania

DEPARTMENT OF LABOR & INDUSTRY

Bureau of
Workforce Development Partnership

WOTC-1 REV 6-08

YOUR BUSINESS QUALIFIES WHEN YOU HIRE ELIGIBLE INDIVIDUALS

- > No limit to the number of new hires
- > Any size employer can benefit
- > Employers decide whom to hire
- > Minimal paperwork to request tax credit
- > Both tax credits can be claimed on the same individual in the same taxable year

WORK OPPORTUNITY TAX CREDIT (WOTC)

Created by the Small Business Job Protection Act of 1996 and extended by the Small Business and Work Opportunity Act of 2007, the federal WOTC is available to employers who hire persons who have been deemed to have barriers to employment*. This tax credit is in effect for new hires starting before September 1, 2011.

EMPLOYMENT INCENTIVE PAYMENT (EIP) TAX CREDIT

Created by the Tax Reform Code of 1971, the state tax credit is also available to employers who hire persons who have been deemed to have barriers to employment*. This tax credit is in effect for new hires starting before January 1, 2010.

MINIMUM EMPLOYMENT OR RETENTION PERIOD

WOTC:

New hires must work a minimum of 120 hours before an employer is entitled to claim the Work Opportunity Tax Credit.

EIP:

New hires must remain on the payroll for a full year before an employer is entitled to a full tax credit. However, if a person voluntarily quits, becomes disabled or is terminated for a just cause, this tax credit can be pro-rated.

APPLYING FOR TAX CREDITS

WOTC:

- > The applicant completes the front of the two-page IRS Form 8850, Pre-Screening Notice and Certification Request; the employer completes the back. The completed IRS Form 8850 with original signatures must be postmarked within 28 calendar days after the new hire's start date; **and**
- > Complete the USDOL Form ETA 9061, Individual Characteristics Form. This form has no required postmark date but should be mailed with the IRS Form 8850.

EIP:

- > The new hire completes the New Employee Information section of the Rev. 1601 (A) (01/06), Tax Credit Certification Request Form; the employer completes the Employer Information section. This form must be postmarked within 21 calendar days after the new hire's start date.

Note: *The tax credit document(s) must indicate at least one potentially eligible target group in order for the request to be processed.*

WHO AND WHAT DOESN'T QUALIFY

- > No tax credit may be claimed for federally subsidized On-The-Job Training (OJT); however, wages paid after OJT expires can qualify for the credit. Requests must be filed within the time guidelines indicated above.
- > Not-for-profit employers
- > Wages paid to relatives
- > Rehires are not eligible for the federal tax credit

* *For target group definitions and other details, see reverse side.*

Tax Credit	Target Group Name	Target Group Definition	Maximum Amount of Credit	Length of Credit	Qualifying Wages Capped At:
WOTC	Title IV-A Recipient	A member of a family who received Temporary Assistance to Needy Families (TANF) for any 9 out of the 18 month period ending on the hire date.	40% of first-year Qualifying Wages for those new hires employed at least 400 hours; 25% of first-year Qualifying Wages for those new hires employed between 120 and 399 hours.	1 Year	\$6,000
WOTC	Food Stamp Recipient	An 18-39 year-old member of a family who received Food Stamps for at least six consecutive months ending on the hire date, OR for at least three of the five month period ending on the date of hire, but no longer receiving on the hire date.	Same as above.	Same as Above	Same as Above
WOTC	Qualified Veteran	An individual who served at least 180 days of active duty and is a member of a family who received Food Stamps for at least three consecutive months during the 15-month period ending on the hire date.	Same as above.	Same as Above	Same as Above
WOTC	Qualified Disabled Veteran	An individual who is entitled to compensation for a service-connected disability AND is hired within one year after having been discharged or released from active duty, OR has been unemployed for six months or more (whether or not consecutive) within the one-year period ending on the hire date.	Same as above.	Same as Above	\$12,000
WOTC	Designated Community Resident	An 18-39 year-old who is a resident of one of the federally designated Renewal Communities (RC), Empowerment Zones (EZ), Enterprise Communities (EC) or Rural Renewal Counties (RRC). (Areas in Philadelphia have been designated as Renewal Communities, and/or Empowerment Zones; parts of Fayette County have been designated a Rural Enterprise Community; Venango and Warren Counties have been designated Rural Renewal Counties. For verification information on RC/EZ/EC locations, call 1-800-998-9999, or visit the HUD website at www.hud.gov . Type "ezec locator" in search box.)	Same as above.	Same as Above	\$6,000
WOTC	Summer Youth	A 16 or 17 year-old who is a resident of one of the federally designated Renewal Communities (RC), Empowerment Zones (EZ), Enterprise Communities (EC) or Rural Renewal Counties (RRC) hired between May 1 and September 15. (Areas in Philadelphia have been designated as Renewal Communities, and/or Empowerment Zones; parts of Fayette County have been designated a Rural Enterprise Community; Venango and Warren Counties have been designated Rural Renewal Counties. For verification information on RC/EZ/EC locations, call 1-800-998-9999, or visit the HUD website at www.hud.gov . Type "ezec locator" in search box.)	Same as above.	Same as Above	\$3,000
WOTC	Vocational Rehabilitation Referral	An individual receiving or having received services pursuant to an Individual Plan of Employment through a state Office of Vocational Rehabilitation or the U.S. Dept. of Veterans Affairs within 2 years prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI).	Same as above.	Same as Above	\$6,000
WOTC	Ex-Felon	An individual who was convicted of or released after serving time for a felony within one year prior to the hire date.	Same as above.	Same as Above	Same as above.
WOTC	SSI Recipient	An individual who received Supplemental Security Income (SSI) benefits within 60 days prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI).	Same as above.	Same as Above	Same as above.
WOTC	Long-Term Family Assistance Recipient	A member of a family who has received TANF for at least the last 18 consecutive months ending on the hire date; OR for any 18 months beginning after 8/5/97, and was hired within two years of the 18th month.	1 st year: 40% of Qualifying Wages for those new hires employed at least 400 hours; 25% of Qualifying Wages for those new hires employed between 120 and 399 hours. 2 nd year: 50% of Qualifying Wages for those new hires employed at least 400 hours; 25% of Qualifying Wages for those new hires employed between 120 and 399 hours.	2 Years	\$10,000
EIP	PA Cash Assistance Recipient	Received PA Cash Assistance in the GA or TANF category within one year prior to the start date.	1 st year: 30% of Qualifying Wages* 2 nd year: 20% of Qualifying Wages * 3 rd year: 10% of Qualifying Wages * * An additional \$1,800 in credits may be earned over the three years of eligibility if the employer provides or reimburses for child care or transportation to work.	3 Years	\$9,000
EIP	Vocational Rehabilitation Referral	An individual receiving or having received services pursuant to an Individual Plan of Employment through a state Office of Vocational Rehabilitation or the U.S. Dept. of Veterans Affairs within 2 years prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI).	Same as above.	Same as Above	Same as above.