

## Work Opportunity Tax Credit [1]

**The Work Opportunity Tax Credit (WOTC)** is a federal tax credit incentive that congress provides to private-sector businesses for hiring individuals from any of ten target groups who have consistently faced significant barriers to employment. The objective of this program is to enable the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while the participating employers are able to reduce their federal income tax liability.

Employers must apply for and receive a certification verifying the **new hire** is a member of a targeted group before they can claim the tax credit. After the required certification is secured, taxable employers claim the WOTC as a general business credit against their income taxes, and tax-exempt employers claim the WOTC against their payroll taxes.

WOTC is authorized until December 31, 2025 (Section 113 of Division EE of P.L. 116-260 -- Consolidated Appropriations Act, 2021).

---

## WOTC Program

Employers can earn \$1,200 to \$9,600 depending on the amount of hours worked when hiring from one of the below target groups.

### A veteran who is

- A member of a family that received SNAP benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date.
- Entitled to compensation for a service-connected disability:
  - Hired within 1 year of discharge or release from active duty
  - Unemployed at least 6 months in the year ending on the hiring date
- Unemployed
  - Entitled to compensation At least 4 weeks
  - At least 6 months

Please note that to be considered a veteran eligible for WOTC, an individual must meet these two standards:

- Have served on active duty (not including training) in the U.S. Armed Forces for more than 180 days or have been discharged or released from active duty for a service-connected disability
- Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date

### Long-term Temporary Assistance for Needy Families (TANF) Recipient

A member of a family that meets one of the following circumstances:

- Received TANF benefits for at least 18 consecutive months ending on the hiring date.
  - Received TANF benefits for at least 18 consecutive or non-consecutive months after August 5, 1997, and has a hiring date that is not more than 2 years after the end of the earliest 18-month
-

## Work Opportunity Tax Credit

Published on Virginia Employment Commission (<https://www.vec.virginia.gov>)

---

period after August 5, 1997.

- Stopped being eligible for TANF payments during the past 2 years because a Federal or state law limited the maximum time those payments could be made.

### Short-term TANF Recipient

- A member of a family that received TANF benefits for any 9-month period during the 18-month period ending on the hiring date.

### SNAP (food stamp) Recipient

- An 18-39 year old member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits for the 6 months ending of the hiring date or received SNAP benefits for at least 3 of the 5 months ending on the hiring date.

### Designated Community Resident

- An 18-39 year old who lives within one of the federally designated Rural Renewal Counties or Empowerment Zones.

### Vocational Rehabilitation Referral

- An individual with a disability who completed or is completing rehabilitative services from a state-certified agency, an Employment Network under the Ticket to Work program, or the U.S. Department of Veteran Affairs.

### Ex-felon

- An individual who has been convicted of a felony and has a hiring date that is not more than 1 year after the conviction or release from prison.

### Supplemental Security Income (SSI) recipient

- A recipient of SSI benefits for any month ending during the past 60-day period ending on the hire date.

### Summer Youth Employee

- A 16 or 17 year-old youth who works for the employer between May 1 and September 15 and lives in an Empowerment Zone.

### Qualified Long-Term Unemployment Recipient

- Any individual who is or has been in a period of unemployment which is not less than 27 consecutive weeks, and includes a period of receipt of unemployment compensation under State or Federal law.

### Important Notice to Employers:

**Minimum employment or retention period.** The WOTC amount an employer may claim depends on the number of hours the employee works.

---

All new adult employees must work a minimum of 120 or 400 hours. The credit is 25% of qualified first-

## Work Opportunity Tax Credit

Published on Virginia Employment Commission (<https://www.vec.virginia.gov>)

---

year wages for those employed at least 120 hours but fewer than 400 hours, and 40% for those employed 400 hours or more. Individuals hired as Summer Youth employees must work at least 90 days, between May 1 and September 15, before an employer is eligible to claim the tax credit.

**Rehires.** Federal law prohibits an employer from claiming a tax credit under WOTC for an employee who has worked for that employer prior to the employment hiring date reported on IRS Form 8850. Employers and consultants **must not** submit WOTC certification requests for former employees.

**Submission of false information.** Falsification of information submitted to obtain a WOTC certification is a FEDERAL CRIME in violation of 18 CSC 1001. Falsification of work history or concealment of information is punishable by a fine or imprisonment.

## How to Claim the Tax Credit

Eligible certifications are filed with the employer's annual business federal income tax forms.

## How to Participate

Online using the Virginia Work Opportunity Tax Credit System.

1. Complete and sign forms 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Credit) and 9061 (Individual Characteristics Form) along with any additional required documentation.
2. Request an online account at <https://wotc.vec.virginia.gov> [2]
3. Once approved, log in to your account to:
  - a. Enter application data
  - b. Check application status
  - c. Print certifications or denials
  - d. Upload pdf formatted supporting documentation
  - e. Bulk upload applications (consultants only)

## Important Notes:

1. Applications not data entered within the 28-day time frame will be denied.
2. Supporting documentation may be uploaded after the application has been submitted.

**Questions:** Please call or e-mail Priscilla Skinner, WOTC State Coordinator at 804-786-4341 or [priscilla.skinner@vec.virginia.gov](mailto:priscilla.skinner@vec.virginia.gov) [3].

**Source URL:** <https://www.vec.virginia.gov/employers/incentives/work-opportunity-tax-credit>

## Links:

[1] <https://vec.virginia.gov/employers/incentives/work-opportunity-tax-credit>

[2] <https://wotc.vec.virginia.gov>

[3] [priscilla.skinner@vec.virginia.gov](mailto:priscilla.skinner@vec.virginia.gov)

---

function googleTranslateElementInit() {new google.translate.TranslateElement({pageLanguage: 'en'},layout: google.translate.TranslateElement.InlineLayout.SIMPLE, autoDisplay:

**Work Opportunity Tax Credit**

Published on Virginia Employment Commission (<https://www.vec.virginia.gov>)



---

false,includedLanguages: 'en,zh-CN,fr,de,it,es,ar,ko,vi,ur,ne,pa,bn,am'}, 'google\_translate\_element');}