

Work Opportunity Tax Credit

Description:

The Work Opportunity Tax Credit (WOTC) is one tool in a diverse toolbox of flexible strategies designed to help move people into gainful employment and obtain on-the-job experience. It joins other tax credits, education, and workforce training and development programs that help workers with barriers to employment prepare for good jobs; ease their transition from job to job; benefit from the creation of effective regional economic development strategies; and create high-performance workplaces.

Business Benefits:

The tax credit for hiring a long-term welfare recipient is as much as \$9,000 per new hire based on 40% of qualified first-year wages and 50% for second year wages capped at \$10,000 per year. The tax credit for hiring a disabled veteran is as much as \$9,600. The new hire must be retained for at least 400 hours or 180 days. The tax credit for hiring all other targeted groups, except Summer Youth, is up to \$2,400 for each new hire at 40% of qualified first-year wages for those retained 400 hours and 25% on those retained at least 120 hours. Qualified wages are capped at \$6,000. Summer Youth wages are capped at \$3,000.

Targeted Groups:

- A. Short-term Temporary Assistance for Needy Families (TANF) Recipients
- B. Qualified Veterans
- C. Qualified Ex-felons
- D. 18 – 39-year-old Designated Community Residents living in an Empowerment Zone or Rural Renewal County
- E. Vocational Rehabilitation Referrals
- F. 16 – 17-year-old Summer Youth Employees living in an Empowerment Zone
- G. 18 – 39-year-old SNAP (food stamps) Recipients
- H. Qualified Supplemental Security Income (SSI) Recipients
- I. Long-term TANF Recipients

The Process:

Businesses must apply for and receive certification from the Louisiana Workforce Commission before they can claim a WOTC tax credit deduction on their federal tax returns. The employee must be a new hire and original, completed forms must be postmarked and mailed to Louisiana Workforce Commission within 28 days after hire date. Forms required are IRS 8850 (Pre-screening Notice and Certification Request) and ETA Form 9061 (Individual Characteristics Form).
Refer to IRS Form 5884 for program exclusions.

Apply and Submit Applications Online:

Register and submit applications online at www.laworks.net/wotc/.

For more information/forms:
State WOTC Unit (225) 342-2939, www.laworks.net, wotc@lwc.la.gov