

Employment Technology Solutions

Work Opportunity Tax Credit (WOTC)

A Federal Tax Credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. WOTC joins other workforce programs that incentivize workplace diversity and facilitate access to good jobs for American workers.



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How Large is the Tax Credit?

The maximum tax credit ranges from \$2,400 to \$9,600 depending on the target groups into which new hires qualify and based on the amount of hours an employee is retained after hire.

- For keeping a qualified employee for 120 hours, an employer is entitled to 25% of the wages paid up to a certain wage cap.
- For keeping a qualified employee for 400 hours, an employer is entitled to 40% of the wages paid up to a certain wage cap.

Wage caps are unique to the target groups to which a qualified employee belongs.

Who Qualifies for WOTC?

Employees that belong to certain federally designated target groups are eligible for the WOTC credit. Common target groups and the associated maximum credits include:

- SNAP Recipients \$2,400
- TANF Recipients \$2,400
- SSI Recipients \$2,400
- Veterans
 - Short-Term Unemployed \$2,400
 - Long-Term Unemployed \$5,600
 - Long-Term Unemployed Disabled \$9,600

What Services Does ETS Provide?

ETS will work with you to implement the two IRS Forms- 8850 and 9061- that are required to certify target group candidates into your hiring process. Form compliance and submission as well as documentation collection are also handled by ETS as are all communications with State Workforce Agencies. ETS will retain all forms, documentation, and certifications for four years as required by the IRS.