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**Office of Workforce Development
WORK OPPORTUNITY TAX CREDIT**

Work Opportunity Tax Credit

Revised +/1, /201+

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 American 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. The tax credit is based on qualified wages paid to the employee for the first year of employment. Qualified wages are capped at \$6,000. The credit is 25% (\$1,500) of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours and 40% (\$2,400) for those employed 400 hours or more. Summer Youth must work at least 90 days, between May 1 and September 15 before the employer is eligible to claim the tax credit. The original, current, ETA form 9061 and the IRS form 8850 with original signatures must be completed and mailed with a postmark date no later than 28 days after the start date, to the Louisiana Workforce Commission - WOTC Unit, P. O. Box 94094 Baton Rouge, LA, 70804. Employer is required to keep copies of application and obtain and retain proof of mailing. Electronic signature is acceptable for either employer or employee, but not both on one application. The new employee must belong to one of the ten target groups listed below:

A. IV-A (TANF) Recipient - A member of a family that is receiving or recently received Temporary Assistance to Needy Families (TANF), or benefits under a successor program for any 9 months during the 18-month period ending on the hire date. The Louisiana Workforce Commission WOTC Unit is currently able to verify this information.

B. Veteran - A veteran who is a member of a family that is receiving or recently received Food Stamps for at least a 3-month period during the past 15 months; and for individuals who begin to work for an employer after May 25, 2007, the veteran group is expanded to include "disabled veterans" who are *receiving* compensation for a service-connected disability and who, during the one-year ending on the hiring date, were: a) discharged or released from active duty in the U.S Armed Forces, or b) unemployed for a period or periods totaling at least 6 months. The first-year wages taken into account for these "disabled veterans" are capped at \$12,000. A copy of the applicant's DD-214 or Official Discharge Papers that contain the dates and proof of military service **and** compensation for a service connected disability (if applicable) is required to certify the applicant for this target group.

Qualified Veteran has five certifications with different allowable tax credits

Veterans receiving SNAP benefits	\$2400.00
Disabled Veterans hired within one year after active duty	\$4800.00
Disabled Veterans unemployed for 6 months prior to hire date	\$9600.00
Veterans unemployed for 4 weeks prior to hire date	\$2400.00
Veterans unemployed for 6 months prior to hire date	\$5600.00

C. Ex-Felon - An ex-felon is an individual who has been convicted of a felony under any statute of the United States or any state; and has a hire date which is not more than one (1) year after the last date on which the applicant was so convicted or was released from prison or is a convicted felon who is participating in a transitional or work release program. The Louisiana Workforce Commission can access information for individuals who have been sentenced to a prison term as a result of a felony conviction by a parish judge in Louisiana. If the conviction was committed in a state other than Louisiana, documentation of that conviction, including the date of conviction/release must be submitted with the application. Documentation required for work release participants.

D. Empowerment Zone/Enterprise Community/Rural Renewal County (EZ/EC/RRC) - An 18-39 year old resident of one of the federally designated Empowerment Zone (EZ), Enterprise Communities (EC) or Rural Renewal County (RRC) or Rural Renewal Empowerment Zone. To check the address status, log on to: https://www.google.com/maps/d/viewer?mid=1ZTltfSN-pziGuUCU_Wp906LJtpY&hl=en_US Rural Renewal Parishes can be found on-line by visiting the following Web site at: www.usps.gov and following these simple steps: 1. click on Find a ZIP Code; 2. enter and submit the Address and ZIP Code; and 3. click on Mailing Industry Information. The designated Rural Renewal Community Parishes in Louisiana are: Bienville, Claiborne, Franklin, Jackson, Morehouse, St. Mary, Tensas, Vernon, and Webster. The following documentation must be included with this certification request: a. Proof of Age (a copy of the employee's driver's license or birth certificate b. Proof of Address (a copy of the IRS W-4, utility bill or similar mailing, showing an address in an Empowerment Zone, Enterprise Community, Renewal Community or Rural Renewal Community). The address on the IRS 8850 and the proof of address documentation must match.

E. Vocational Rehabilitation Referral - Applicant has a physical or mental disability which results in a substantial handicap to employment; and was referred to the employer upon completion of, or while receiving, rehabilitative services pursuant to an individualized written plan of employment (IWPE) under a state plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973 (as amended, 1998), a vocational rehabilitation program for veterans or an employment network under the Ticket to Work program. No proof of participation in any of these programs is required, LA WOTC can verify participation.

F. Summer Youth- Expired target group as of 12/31/2016

G. Supplemental Nutritional Assistance Program Recipient- A member of a family that is receiving or recently received SNAP benefits (Food Stamps), and is at least 18, but not yet 40 years old, on the hire date, Individual is a member of a family receiving assistance under a food stamp program for the 6-month period ending on the hire date; or receiving such assistance for at least 3 months of the 5-month period ending on the hire date. The Louisiana Workforce Commission can verify this information.

H. Supplemental Security Income (SSI) Recipient - An individual receiving Supplemental Security Income (SSI) benefits for any month ending within the 60 day period ending on the hire date. State agency verifies eligibility.

I. Long-Term Family Assistance Recipient - An individual who is a member of a family that received Temporary Assistance to Needy Families (TANF) or benefits under a successor program for at least 18 consecutive months ending on the hire date; or has received family assistance for a total of at least 18 months (whether or not consecutive) beginning after August 5, 1997 and has a hire date that is not more than two (2) years after the end of the earliest 18-month period; or whose TANF eligibility expired under a federal or state law after August 5, 1997, and who was hired within two years after their eligibility expired. The Louisiana Workforce Commission can verify this information if benefits were received in Louisiana.

THE FOLLOWING TWO TARGET GROUPS HAVE EXPIRED EFFECTIVE 12/31/2010

J. Unemployed Veterans -

K. Disconnected Youth -

L. Long-Term Unemployment Recipient Qualified long-term unemployment recipient is any individual who on the day before the individual begins work, or, if earlier, the day the individual completes the IRS Form 8850 as a prescreening notice in accordance with the certification provisions described in §51(d)(13)(A)(ii) of the Code, is in a period of unemployment that is: (i) not less than 27 consecutive weeks; and (ii) includes a period (which may be less than 27 weeks) in which the individual received unemployment compensation under State or Federal law (see IRS notice 2016-22). These new hires must begin work for an employer on or after January 1, 2016 through December 31, 2019. Form ETA 9175 (Self attestation form) mandatory with submission. .

Benefits to Employers:

The Certification Request (IRS Form 8850) and the Individual Characteristic Form (ETA 9061) with original signatures should be mailed to: LWC - WOTC Processing Unit, P.O. Box 94094, Baton Rouge, LA 70804, no later than 28 days after the start date. The Employer or their Consultant will receive Denial or Certification notices once the request has been processed. All certification notices will denote which target group the applicant was certified by listing the corresponding alphabetic letter (A through I) for that target group as noted above. For target groups not identified below, the tax credit is based on qualified wages paid to the employee for the first year of employment. Qualified wages are capped at \$6,000. The credit is 25% (\$1,500) of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours and 40% (\$2,400) for those employed 400 hours or more.

A web based on line submission system is now available @ <https://www.laworks.net/wotc/Default.aspx> click on **Apply now**. Located in center of login section, to register for an account.

Disabled Veteran employees. Qualified wages for Disabled Veterans only is based on the first \$12,000 in wages A 25% (\$3,000) credit for workers who work at least 120 hours but less than 400 hours, and A 40% credit for workers who work at least 400 hours for a maximum credit of \$4,800.

Long-term TANF recipients. Wages are capped at \$10,000 (\$4,000 tax credit for the first year). The WOTC is also available for the employee's qualified second-year wages, also capped at \$10,000. The credit is 50% (\$5,000) of qualified wages for the second year of employment.

Ineligible For The Work Opportunity Tax Credit:

- Employers not covered by FUTA
- Relatives of the employer
- Federally subsidized on-the-job training positions such as apprenticeship program
- Re-hires Any individual that previously has ever worked for this employer

If you need additional information email us @ tlevatino@lwc.la.gov or call (225) 342-2939 or Fax @ (225) 342-3282 if you have any questions or need additional information.