

Work Opportunity Tax Credit

A Benefit for Employers and Job Seekers

What is WOTC?

The Work Opportunity Tax Credit (WOTC) is a federal tax credit of \$2,400 to \$9,600 available to employers as an incentive to hire individuals from certain target groups who have consistently faced significant barriers to employment. Individuals must be certified by OESC in order to be eligible for the tax credit. After a new employee has been certified by OESC, taxable employers can claim the tax credit using IRS Form 5884 and 3800, and tax-exempt employers can claim the credit using IRS Form 5884-C.

Generally, the credit is 40% of qualified first-year wages (up to \$6,000) for individuals who work 400+ hours in their first year of employment. A 25% rate applies when employees work less than 400 hours. Hiring certain veterans allows the qualified wages to be up to \$24,000. An employer cannot claim the WOTC for employees who are rehired.

Who is Eligible?

- Qualified IV-A (TANF) Recipient
- Qualified Veteran
- Ex-Felon
- Designated Community Resident
- Vocational Rehabilitation Recipient
- Summer Youth
- SNAP Recipient
- Supplemental Security Income (SSI) Recipient
- Long-Term Family Assistance Recipient
- Qualified Long-Term Unemployment Recipient

For more details about each target group, visit the IRS's website at <https://irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit>

How to Get Started

Complete IRS Form 8850, "Pre-Screening Notice and Certification Request" before the job offer is made.

Complete ETA Form 9061, "Individual Characteristic Form" after the individual is hired.

Submit forms by one of the below methods within 28 days after employee begins work.

Email: WOTC8850@oesc.ok.gov

Mail: Oklahoma Employment Security Commission, ATTN: WOTC Unit,
PO Box 52003, Oklahoma City, OK 73152.

For more information, visit <https://oklahoma.gov/oesc/individuals/programs/wotc>
or for questions contact OESC's WOTC unit at 405-557-7112