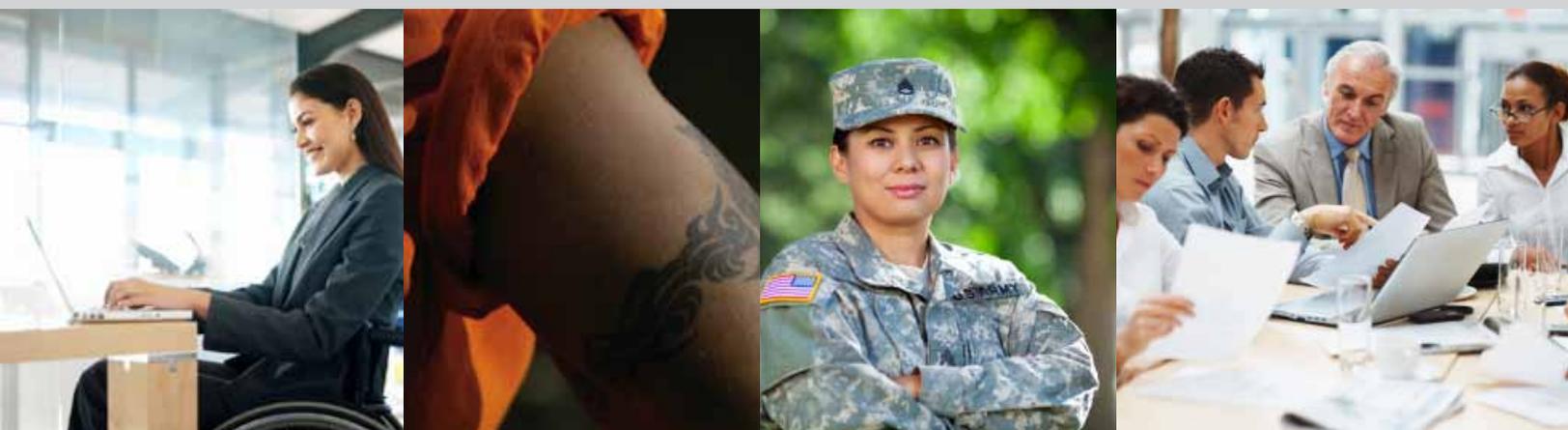


A Business Guide To

# WORK OPPORTUNITY TAX CREDIT



*Obtain tax credits for your company by hiring qualified individuals with barriers to employment.*

**Missouri Division of Workforce Development**

**Time-sensitive Forms Enclosed**



# Work Opportunity Tax Credits

Work Opportunity Tax Credits may be claimed by any **private, for-profit business**. Qualified “tax-exempt” [501(c)] organizations may claim tax credits for the veteran target groups only. The credit amounts for “tax-exempt” organizations are different than the amounts for “for-profit” organizations. (See the instructions for IRS Form 5884-C for more details.) There are no limits on the number of qualifying new hires or on the total amount of credits distributed each year. The credits cannot be claimed on previous employees, relatives, domestic employees, or on wages federally subsidized by on-the-job training programs.

For most of the target groups, the federal tax credit is 40% of the first \$6,000 in wages, for a maximum credit of \$2,400 each for employees that work at least 400 hours. If the individual separates before working 400 hours, but has worked at least 120 hours, the credit is 25% (up to a maximum credit of \$1,500).

For **youths hired as summer employees** between May 1 and September 15, and who live in an Empowerment Zone\*, the tax credit is 40% of the first \$3,000 of wages, for a maximum credit of \$1,200 for employees who work at least 400 hours. If the youth separates before working 400 hours but has worked at least 120 hours, then the credit is 25% of the first-year wages (up to a maximum credit of \$750).

The tax credit for **Disabled Veterans** is calculated at 40% of the eligible employee’s first \$12,000 in wages for the first year (up to a maximum credit of \$4,800) if 400 hours of employment is reached. For employees who work at least 120 hours, but less than 400 hours,

the credit is calculated at 25% of the employee’s first \$12,000 in wages for the first year (up to a maximum credit of \$3,000).

The tax credit for the **Disabled Veteran with Six Months of Unemployment** is calculated at 40% of the eligible employee’s first \$24,000 in wages for the first year (up to a maximum credit of \$9,600) if 400 hours of employment is reached. For employees who work at least 120 hours, but less than 400 hours, the credit is calculated at 25% of the employee’s first \$12,000 in wages for the first year (up to a maximum credit of \$3,000).

The tax credit for **Unemployed Veteran with Six Months of Unemployment** is calculated at 40% of the eligible employee’s first \$14,000 in wages for the first year (up to a maximum credit of \$5,600) if 400 hours of employment is reached. For employees who work at least 120 hours, but less than 400 hours, the credit is calculated at 25% of the employee’s first \$14,000 in wages for the first year (up to a maximum credit of \$3,500).

The **Long Term Family Assistance Recipient Target Group** is eligible for a two-year program that provides businesses tax savings up to \$9,000 per eligible long-term Temporary Assistance for Needy Families (TANF) recipient hired. The first-year credit is equal to 40% of the first \$10,000 in qualified wages (up to a maximum credit of \$4,000). The second year’s credit is 50% of the first \$10,000 in qualified wages (up to a maximum credit of \$5,000). The employee must work and be retained for a minimum of 400 payroll hours for the employer to receive the full tax credit.



\*See page 8 for details.

# Your Business Could Qualify When You Hire from These Target Groups:

## **TANF RECIPIENT:**

A member of a family that has received Temporary Assistance for Needy Families (TANF) for any nine months during the 18-month period ending on the date of hire.



## **FOOD STAMPS RECIPIENT:**

An 18- to 39-year-old that is:

- A member of a family that received food stamps for the last six months ending on the date of hire; or
- An able-bodied adult without dependents who ceases to be eligible due to failure to meet the work requirements of the Food Stamp Act *and* who received food stamps for only three months out of the last five-month period ending on the date of hire.

## **DESIGNATED COMMUNITY RESIDENT:**

An 18- to 39-year-old resident of the federally designated Empowerment Zones located in urban St. Louis; or, a resident of a Rural Renewal county.

## **SUMMER YOUTH:**

A 16- to 17-year-old Empowerment Zone resident hired between May 1 and September 15.

## **FOOD STAMPS VETERAN:**

A veteran who is a member of a family receiving food stamps for any consecutive three months during the 15-month period ending on the date of hire.



## **DISABLED VETERAN:**

A disabled veteran who is entitled to compensation for a service-connected disability (10% or greater) and who has a date of hire that is not more than one year after having been discharged or released from active duty in the U.S. Armed Forces.

## **DISABLED VETERAN UNEMPLOYED FOR SIX MONTHS:**

A disabled veteran who is entitled to compensation for a service-connected disability (10% or greater) and who was unemployed for at least six months within the 12-month period ending on the date of hire.

## **UNEMPLOYED VETERAN (SHORT-TERM)**

A veteran who has been unemployed for at least four weeks within the 12-month period ending on the date of hire.

## **UNEMPLOYED VETERAN (LONG-TERM)**

A veteran who has been unemployed for at least six months within the 12-month period ending on the date of hire.

## **VOCATIONAL REHABILITATION:**

A disabled person who:

- Has an Individual Plan for Employment (IPE) from a state agency or the U.S. Department of Veterans Affairs open before the date of hire or has a date of hire within two years of the IPE closing date; or
- Holds a "Ticket to Work" that is referred by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program or the Department of Veterans Affairs.



## **EX-FELON:**

An ex-felon who was convicted or released from prison (or is participating in a Work Release program) within the 12 months ending on the date of hire.

## **SUPPLEMENTAL SECURITY INCOME:**

A person who received Supplemental Security Income (SSI) for any month within the last 60-day period ending on the date of hire.

## **LONG-TERM TANF RECIPIENT:**

- A member of a family that received Temporary Assistance for Needy Families (TANF) benefits for at least 18 consecutive months ending on the date of hire, or
- A member of a family that received TANF benefits for any 18 months beginning after August 5, 1997, and is hired within two years after the date of the first 18-month period is reached, or
- A member of a family whose TANF eligibility expired under a Federal or State law after August 5, 1997, and is hired within two years after this eligibility expired.

# Business Process - 5 Easy Steps

## 1. Get the forms

IRS Form 8850 and its instructions can be found on pages 9–14 of this packet. Please feel to tear this form out and make as many copies as you need. You also can visit either one of the following websites to download the needed forms: [www.doleta.gov/business/incentives/opptax/](http://www.doleta.gov/business/incentives/opptax/) or [www.IRS.gov](http://www.IRS.gov) (IRS Form 8850 and Instructions). You also can call toll free (800) 829-4933.

## 2. Screen your applicants

Use the IRS Form 8850 to screen all applicants for potential target-group membership. *The IRS requires that you do this on (or before) the day that you offer the job. Therefore, the “Gave Information” date (page 10) must be on or before the “Was Offered Job” date.* We suggest that you type in all your information, such as company name, address, etc., and then duplicate the form. The signature must be original and the rest of the company information can be copied. This will save time filling in that same information for each applicant. Add this form to your application packet or similar materials an individual might complete when applying for a job with your company. IRS Form 8850 does not ask the applicant to identify which target group he/she belongs to. Applicants just check boxes 2 to 5 if any of the statements apply to them. **If the applicant does not mark anything, STOP, and DO NOT mail the form to us.**

## 3. Go through your normal hiring process

If you hire someone that checked a box on the IRS Form 8850, have this new employee complete the ETA Form 9061 Individual Characteristics Form (ICF), which can be found on pages 15–18 in this book. This form asks new employees to identify the target group to which they belong.

## 4. Review the forms

Check the two forms to be sure they are legible and complete. Check the ETA Form 9061 to be sure a target group is indicated. Often, an applicant may feel that one of the statements on the IRS Form 8850 *does* apply to them, but feels that the more detailed statement on the ETA Form 9061 *does not* exactly apply. **When this occurs, STOP, and DO NOT mail the forms to us.**

**The IRS requires the forms to be postmarked by the 28th day after the employee’s start date.** Like other IRS filing deadlines, we check the postmark date to prove the filing deadline was met. The only exception to the 28-day filing requirement is if the 28th day is a Saturday, Sunday, or Federal holiday. We can then accept a postmark of the next business day.

## Sign and mail the completed, original forms to us

Mail the forms to:

***Attention WOTC  
Division of Workforce Development  
P.O. Box 1087  
Jefferson City, Missouri 65102-1087***

# Division of Workforce Development Procedures

When we receive your forms, we immediately compare the postmark date and the job-start date. We also check for employee and employer signatures.

The Application/Forms will be **denied** without exception if:

- The filing deadline is not met, and/or
- Signatures are missing.

If we get timely forms with original signatures, we will check state government records to verify your employee was a member of a target group indicated on the ETA Form 9061.



If we find your employee meets the eligibility guidelines, we will send you the Employer Certification letter that you or your accountant will need to claim the credit.

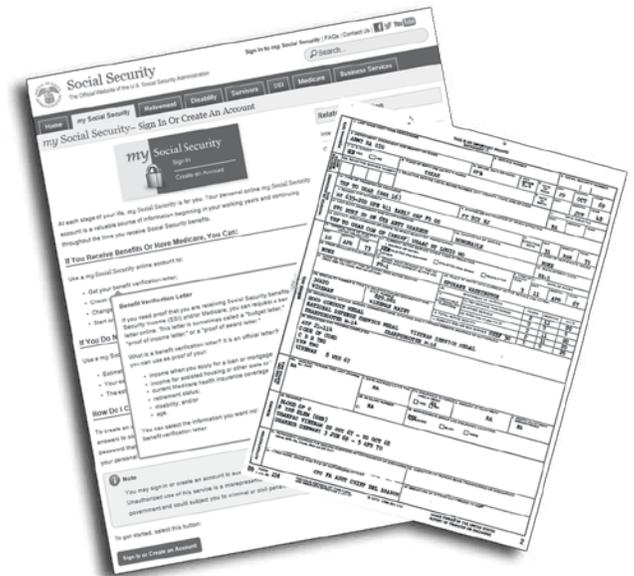
If we find your employee does **not** meet the eligibility guidelines, we will send you a **denial letter** stating the reason the application was denied.

If we don't have enough information to make a determination of eligibility, we will send you a letter requesting **additional information**.

## Proof of Eligibility (Documentation)

If your employee indicates eligibility for:

- TANF Target Group
  - ▶ No proof is needed.
- Food Stamp Target Group
  - ▶ No proof is needed.
- SSI Target Group
  - ▶ Please ask the applicant to provide you with a letter from the Social Security Administration (SSA) showing Supplemental Security Income (SSI) benefits received. Once you receive a copy, mail it to us (at the address on the back cover) so that we can determine the applicant's eligibility.
- Vocational Rehabilitation Target Group
  - ▶ No proof is needed, **if** the services were provided by the State of Missouri. We do need proof from you if the services were provided by the Veterans Administration or another state. A letter from the Vocational Rehabilitation Counselor giving the Individual Plan for Employment (IPE) date (which must be before the hire date) will work as proof.



- Empowerment Zone or Rural Renewal County resident.
  - ▶ We can usually get proof of age and address from the records we have access to. If we can't get the information, we will notify you. The ETA Form 9061 Instructions give a list of acceptable forms of proof.
- Veteran Target Groups
  - ▶ We need a copy of the applicant's DD-214 or other form of discharge papers. For a disabled veteran, we will also need proof of disability from the U.S. Department of Veterans Affairs (VA).
- Ex-Felon Target Group
  - ▶ We can get the conviction and release information for the State of Missouri. If the case involves a federal conviction or Suspended Imposition of Sentence (SIS), please have the applicant supply the information and then mail it to us (at the address on the back cover). A letter from a probation or parole office giving the conviction date and release date will be accepted as proof.
- Long Term Family Assistance Recipient
  - ▶ No proof is needed.

## Accounting Process

You can claim the Work Opportunity Tax Credit by filing the IRS Form 5884 (or IRS Form 5884-C for tax-exempt organizations). The sample form can be found on page 14 of this guide. If you have any questions concerning the accounting processes, please call your local IRS Office or, toll free, IRS Telephone Assistance for Businesses: (800) 829-4933, Monday–Friday, 7AM–10PM, your local time.

### Records Retention

The WOTC records, including application, pertinent forms, and supporting documentation, should be retained by the employer for five (5) years from the date of the written Certification from the State Workforce Agency (SWA). Revoked or denied Certifications must be retained for at least one (1) year, but longer if further action or an appeal is pending. This time period conforms to the IRS "record retention required" for employment taxes, which specifies that records be kept for four (4) years after employment taxes are due.

### Designating a WOTC Agent

If you wish to authorize an intermediary, such as an accountancy firm or a management consultant, to act on your behalf in the WOTC certification process, you must provide to the State Workforce Agency (SWA) a notarized Power of Attorney. IRS Form 2848, "Power of Attorney and Declaration of Representative," may be used for this purpose.

### Penalties and Reviews

There are some possible perjury penalties for misrepresentation. The law provides for a fine and/or imprisonment for making false statements or withholding facts. In addition, the State Workforce Agency (SWA) is required to take corrective action, as appropriate, for those employers or employees who misrepresent information on the WOTC forms.

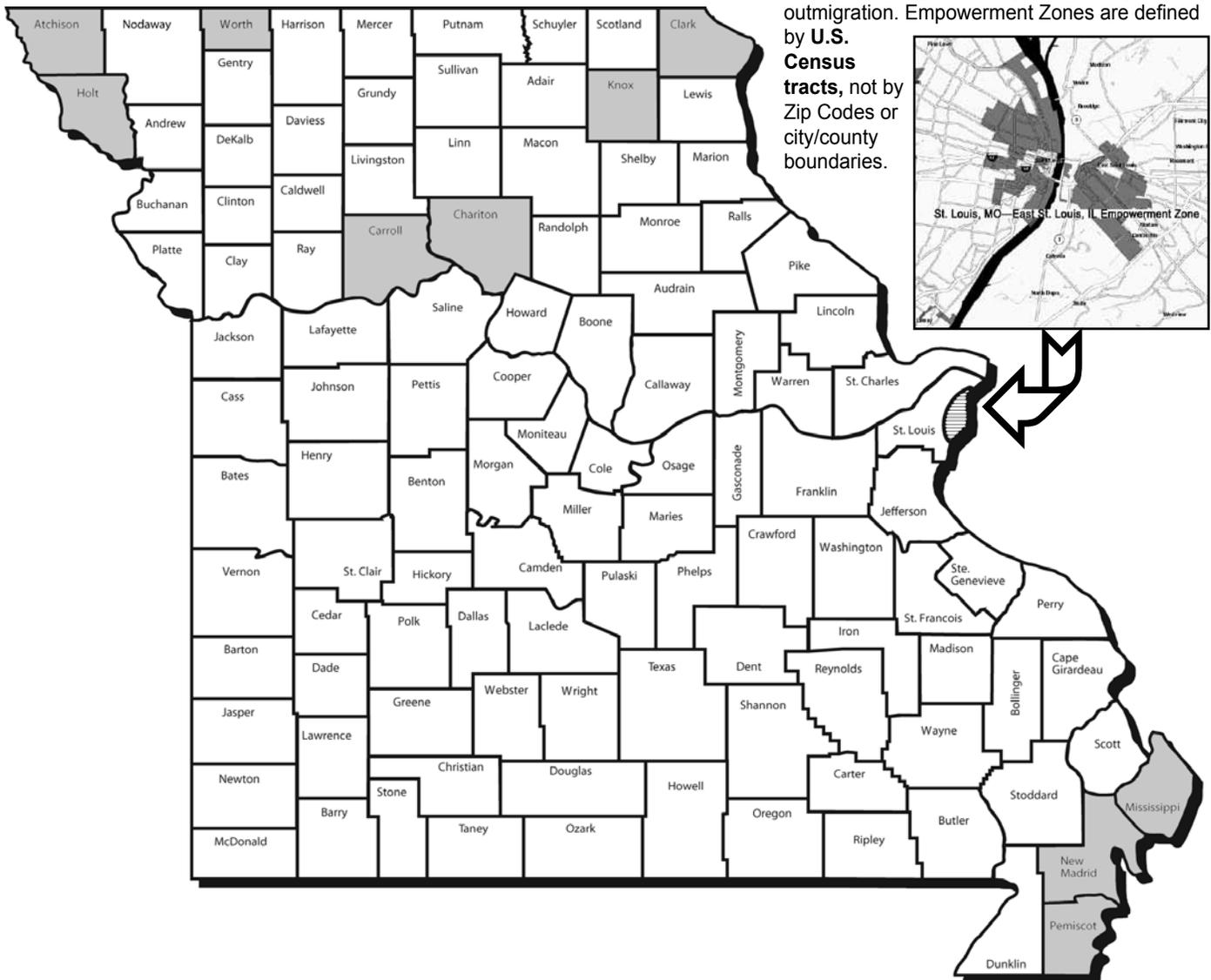


# Residents of Empowerment Zones and Rural Renewal Counties

Missouri has a federally designated Empowerment Zone and 10 Rural Renewal Counties (please see list below). An individual must live in one of these areas and meet the age requirements to qualify. Please check the HUD website to verify that the individual is part of the Empowerment Zone target group. For Empowerment Zone inclusion only, you should check the individual's address on the Internet at: [http://egis.hud.gov/egis/cpd/rcezec/ezec\\_open.htm](http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm) or call toll free (800) 998-9999.

## Rural Renewal Counties:

Atchison—Carroll—Chariton—Clark—Holt—Knox  
Mississippi—New Madrid—Pemiscot—Worth



## Empowerment Zone:

St. Louis, MO—East St. Louis IL

In Missouri, the Empowerment Zone comprises federally designated, highly distressed urban areas of St. Louis, MO, and East St. Louis, IL, that have experienced poverty or high outmigration. Empowerment Zones are defined by U.S. Census tracts, not by Zip Codes or city/county boundaries.

## Pre-Screening Notice and Certification Request for the Work Opportunity Credit

► Information about Form 8850 and its separate instructions is at [www.irs.gov/form8850](http://www.irs.gov/form8850).

**Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.**

Your name \_\_\_\_\_ Social security number ► \_\_\_\_\_

Street address where you live \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

County \_\_\_\_\_ Telephone number \_\_\_\_\_

If you are under age 40, enter your date of birth (month, day, year) \_\_\_\_\_

- 1  Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.
- 2  Check here if **any** of the following statements apply to you.
- I am a member of a family that has received assistance from Temporary Assistance for Needy Families (TANF) for any 9 months during the past 18 months.
  - I am a veteran and a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the past 15 months.
  - I was referred here by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.
  - I am at least age 18 but **not** age 40 or older and I am a member of a family that:
    - a** Received SNAP benefits (food stamps) for the past 6 months, **or**
    - b** Received SNAP benefits (food stamps) for at least 3 of the past 5 months, **but** is no longer eligible to receive them.
  - During the past year, I was convicted of a felony or released from prison for a felony.
  - I received supplemental security income (SSI) benefits for any month ending during the past 60 days.
  - I am a veteran and I was unemployed for a period or periods totaling at least 4 weeks but less than 6 months during the past year.
- 3  Check here if you are a veteran and you were unemployed for a period or periods totaling at least 6 months during the past year.
- 4  Check here if you are a veteran entitled to compensation for a service-connected disability and you were discharged or released from active duty in the U.S. Armed Forces during the past year.
- 5  Check here if you are a veteran entitled to compensation for a service-connected disability and you were unemployed for a period or periods totaling at least 6 months during the past year.
- 6  Check here if you are a member of a family that:
- Received TANF payments for at least the past 18 months, **or**
  - Received TANF payments for any 18 months beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended during the past 2 years, **or**
  - Stopped being eligible for TANF payments during the past 2 years because federal or state law limited the maximum time those payments could be made.

### Signature—All Applicants Must Sign

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ► \_\_\_\_\_

Date \_\_\_\_\_

**For Employer's Use Only**

Employer's name \_\_\_\_\_ Telephone no. \_\_\_\_\_ EIN ► \_\_\_\_\_

Street address \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

Person to contact, if different from above \_\_\_\_\_ Telephone no. \_\_\_\_\_

Street address \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 6) . . . . . ► \_\_\_\_\_

Date applicant:

Gave information \_\_\_\_\_ Was offered job \_\_\_\_\_ Was hired \_\_\_\_\_ Started job \_\_\_\_\_

Under penalties of perjury, I declare that the applicant provided the information on this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group. I hereby request a certification that the individual is a member of a targeted group.

**Employer's signature ►** \_\_\_\_\_ **Title** \_\_\_\_\_ **Date** \_\_\_\_\_

**Privacy Act and Paperwork Reduction Act Notice**

*Section references are to the Internal Revenue Code.*

Section 51(d)(13) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's federal tax return. Completion of this form is voluntary and may assist members of targeted groups in securing employment. Routine uses of this form include giving it to the state workforce agency (SWA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and

criminal litigation, to the Department of Labor for oversight of the certifications performed by the SWA, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . 6 hr., 27 min.
- Learning about the law or the form** . . . . . 30 min.
- Preparing and sending this form to the SWA** . . . . . 37 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Do not send this form to this address. Instead, see *When and Where To File* in the separate instructions.

# Instructions for Form 8850

(Rev. January 2013)



Department of the Treasury  
Internal Revenue Service

## Pre-Screening Notice and Certification Request for the Work Opportunity Credit

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 8850 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form8850](http://www.irs.gov/form8850).

### What's New

- The work opportunity credit has been extended to cover certain individuals who begin working for you before January 1, 2014. For information about transitional relief, see [When and Where To File](#).
- The empowerment zone designations generally expired at the end of 2011. However, the American Taxpayer Relief Act of 2012 provides for an extension of the designations to the end of 2013. For details, see [Empowerment Zones](#).
- The treatment of parts of Washington, DC, as an empowerment zone ended at the end of 2011.

### Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to their state workforce agency (SWA) to certify an individual as a member of a targeted group for purposes of qualifying for the work opportunity credit.

Submitting Form 8850 to the SWA is but one step in the process of qualifying for the work opportunity credit. The state work opportunity tax credit (WOTC) coordinator for the SWA must certify the job applicant is a member of a targeted group. After starting work, the employee must meet the minimum number-of-hours-worked requirement for the work opportunity credit. Generally, an employer elects to take the credit by filing Form 5884, Work Opportunity Credit. However, a tax-exempt organization that hires a qualified veteran should report the work opportunity credit on Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans.

### Who Should Complete and Sign the Form

The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on Form 8850. Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of a targeted group (as defined under [Members of Targeted Groups](#)). If the employer believes the applicant is a member of a targeted group, the employer completes the rest of the form no later than the day the job offer is made. Both the job applicant and the employer must sign Form 8850 no later than the date for submitting the form to the SWA.

### Instructions for Employer

#### When and Where To File

Do not file Form 8850 with the Internal Revenue Service. Instead, file it with your SWA no later than the 28th day after the job applicant begins work for you. For members of targeted groups, other than qualified veterans, who begin work after December 31, 2011, and before April 1, 2013, or for qualified veterans who begin work after December 31, 2012, and before April 1, 2013, file Form 8850 with your SWA by April 29, 2013.

Although facsimile filing of Form 8850 is permitted, not all states are equipped to accept a faxed copy of Form 8850. Contact your state WOTC coordinator as discussed below and see Notice 2012-13 for details. Notice 2012-13, 2012-9 I.R.B. 421, is available at [www.irs.gov/irb/2012-09\\_IRB/ar07.html](http://www.irs.gov/irb/2012-09_IRB/ar07.html).

Although electronic filing of Form 8850 is permitted, not all states are equipped to receive Form 8850 electronically. Contact your state WOTC coordinator as discussed next and see Announcement 2002-44 and Notice 2012-13 for details. You can find Announcement 2002-44 on page 809 of Internal Revenue Bulletin 2002-17 at [www.irs.gov/pub/irs-irbs/irb02-17.pdf](http://www.irs.gov/pub/irs-irbs/irb02-17.pdf).

To get the name, address, phone and fax numbers, and email address of the WOTC coordinator for your state, visit the Department of Labor Employment and Training Administration (ETA) website at [www.doleta.gov/business/Incentives/opptax](http://www.doleta.gov/business/Incentives/opptax).



*Never attach Form 8850 to a tax return or otherwise send it to the IRS, regardless of the employee's targeted group. Form 8850 should be filed with the SWA.*

### Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state WOTC coordinator either:

- ETA Form 9062, Conditional Certification Form, if the job applicant received this form from a participating agency (e.g., the Jobs Corps), or
- ETA Form 9061, Individual Characteristics Form, if the job applicant did not receive a conditional certification.

You can get ETA Form 9061 from your local public employment service office or you can download it from the ETA website at [www.doleta.gov/business/Incentives/opptax](http://www.doleta.gov/business/Incentives/opptax).

### Recordkeeping

Keep copies of Forms 8850, any transmittal letters that you submit to your state WOTC coordinator, and certification letters you receive from your WOTC coordinator as long as they may be needed for the administration of the provisions relating to the work opportunity credit. Records that support

the credit usually must be kept for 3 years from the date any income tax return claiming the credit is due or filed, whichever is later.

## Members of Targeted Groups

A job applicant may be certified as a member of a targeted group if he or she is described in one of the following groups.

1. **Qualified IV-A recipient.** An individual who is a member of a family receiving assistance under a state plan approved under part A of title IV of the Social Security Act relating to Temporary Assistance for Needy Families (TANF). The assistance must be received for any 9 months during the 18-month period ending on the hiring date.

2. **Qualified veteran.** A veteran who is any of the following.

- A member of a family that has received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date.
- Unemployed for a period or periods totaling at least 4 weeks (whether or not consecutive) but less than 6 months in the 1-year period ending on the hiring date.
- Unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.
- Entitled to compensation for a service-connected disability and is hired not more than 1 year after being discharged or released from active duty in the U.S. Armed Forces.
- Entitled to compensation for a service-connected disability and was unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.

**Note.** Requesting the information in box 4 or box 5 of Form 8850 is an exception to the Americans with Disabilities Act's prohibition on pre-offer disability-related inquiries. The purpose of this request is to support the hiring of certain disabled veterans, which will entitle the employer to a larger work opportunity credit than the hiring of other targeted group members.

To be considered a veteran, the applicant must:

- Have served on active duty (not including training) in the Armed Forces of the United States for more than 180 days or have been discharged or released from active duty for a service-connected disability, and
- 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.

3. **Qualified ex-felon.** An ex-felon who has been convicted of a felony under any federal or state law, and is hired not more than 1 year after the conviction or release from prison for that felony.

4. **Designated community resident.** An individual who is at least age 18 but not yet age 40 on the hiring date and lives within an empowerment zone or rural renewal county (defined later).

5. **Vocational rehabilitation referral.** An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.

6. **Summer youth employee.** An individual who:

- Performs services for the employer between May 1 and September 15,
- Is at least age 16 but not yet age 18 on the hiring date (or if later, on May 1),
- Has never worked for the employer before, and
- Lives within an empowerment zone.

7. **Recipient of SNAP benefits (food stamps).** An individual who:

- Is at least age 18 but not yet age 40 on the hiring date, and
- Is a member of a family that:
  - a. Has received SNAP benefits for the 6-month period ending on the hiring date, or
  - b. Is no longer eligible for such assistance under section 6(o) of the Food Stamp Act of 1977, but the family received SNAP benefits for at least 3 months of the 5-month period ending on the hiring date.

8. **SSI recipient.** An individual who is receiving supplemental security income benefits under title XVI of the Social Security Act (including benefits of the type described in section 1616 of the Social Security Act or section 212 of Public Law 93-66) for any month ending during the 60-day period ending on the hiring date.

9. **Long-term family assistance recipient.** An individual who is a member of a family that:

- Has received TANF payments for at least 18 consecutive months ending on the hiring date, or
- Receives TANF payments for any 18 months (whether or not consecutive) beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended during the past 2 years, or
- Stopped being eligible for TANF payments because federal or state law limits the maximum period such assistance is payable and the individual is hired not more than 2 years after such eligibility ended.

## Member of a Family

With respect to the qualified IV-A recipient, qualified veteran, recipient of SNAP benefits (food stamps), and long-term family assistance recipient, an individual whose family receives assistance for the requisite period meets the family assistance requirement of the applicable group if the individual is included on the grant (and thus receives assistance) for some portion of the specified period.

## Empowerment Zones

The following paragraphs describe areas that were designated empowerment zones.



*The empowerment zone designations generally expired at the end of 2011. However, the American Taxpayer Relief Act of 2012 provides for an extension of the designations to the end of 2013. To extend the designations, state and local governments must amend their nominations for designation to change the termination date to December 31, 2013. At the time these instructions were released, the IRS was working with HUD and USDA to provide guidance on amending nominations for designation. The latest information available will be posted on IRS.gov as described under [Future Developments](#), earlier.*

**Urban areas.** Parts of the following urban areas were designated empowerment zones. You can find out if your business or an employee's residence is located within an urban empowerment zone by using the EZ/RC Address

Locator at [www.hud.gov/crlocator](http://www.hud.gov/crlocator) or by calling 1-800-998-9999.

- Pulaski County, AR
- Tucson, AZ
- Fresno, CA
- Los Angeles, CA (city and county)
- Santa Ana, CA
- New Haven, CT
- Jacksonville, FL
- Miami/Dade County, FL
- Chicago, IL
- Gary/Hammond/East Chicago, IN
- Boston, MA
- Baltimore, MD
- Detroit, MI
- Minneapolis, MN
- St. Louis, MO/East St. Louis, IL
- Cumberland County, NJ
- New York, NY
- Syracuse, NY
- Yonkers, NY
- Cincinnati, OH
- Cleveland, OH
- Columbus, OH
- Oklahoma City, OK
- Philadelphia, PA/Camden, NJ
- Columbia/Sumter, SC
- Knoxville, TN
- El Paso, TX
- San Antonio, TX
- Norfolk/Portsmouth, VA
- Huntington, WV/Ironton, OH

**Rural areas.** Parts of the following rural areas were designated empowerment zones. You can find out if your business or an employee's residence is located within a rural empowerment zone by using the EZ/RC Address Locator at [www.hud.gov/crlocator](http://www.hud.gov/crlocator) or by calling 1-800-998-9999.

- Desert Communities, CA (part of Riverside County)
- Southwest Georgia United, GA (part of Crisp County and all of Dooly County)
- Southernmost Illinois Delta, IL (parts of Alexander and Johnson Counties and all of Pulaski County)
- Kentucky Highlands, KY (part of Wayne County and all of Clinton and Jackson Counties)
- Aroostook County, ME (part of Aroostook County)
- Mid-Delta, MS (parts of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington Counties)
- Griggs-Steele, ND (part of Griggs County and all of Steele County)
- Oglala Sioux Tribe, SD (parts of Jackson and Bennett Counties and all of Shannon County)
- Middle Rio Grande FUTURO Communities, TX (parts of Dimmit, Maverick, Uvalde, and Zavala Counties)
- Rio Grande Valley, TX (parts of Cameron, Hidalgo, Starr, and Willacy Counties)

## Rural Renewal Counties

A rural renewal county is a county in a rural area that lost population during the 5-year periods 1990 through 1994 and 1995 through 1999. Rural renewal counties are listed below.

**Alabama.** The counties of Butler, Dallas, Macon, Perry, Sumter, and Wilcox.

**Alaska.** The census areas of Aleutians West, Wrangell-Petersburg, and Yukon-Koyukuk.

**Arkansas.** The counties of Arkansas, Chicot, Clay, Desha, Jackson, Lafayette, Lee, Little River, Monroe, Nevada, Ouachita, Phillips, Union, and Woodruff.

**Colorado.** The counties of Cheyenne, Kiowa, and San Juan.

**Georgia.** The counties of Randolph and Stewart.

**Illinois.** The counties of Alexander, Edwards, Franklin, Gallatin, Greene, Hancock, Hardin, Jasper, Knox, McDonough, Montgomery, Pulaski, Randolph, Richland, Scott, Warren, Wayne, and White.

**Indiana.** Perry County.

**Iowa.** The counties of Adair, Adams, Appanoose, Audubon, Butler, Calhoun, Cass, Cherokee, Clay, Clayton, Emmet, Floyd, Franklin, Fremont, Hancock, Humboldt, Ida, Keokuk, Kossuth, Montgomery, Osceola, Palo Alto, Pocahontas, Poweshiek, Sac, Taylor, Union, Wayne, Winnebago, and Worth.

**Kansas.** The counties of Atchison, Barber, Barton, Brown, Clay, Cloud, Comanche, Decatur, Edwards, Elk, Ellsworth, Gove, Graham, Greeley, Greenwood, Harper, Hodgeman, Jewell, Kiowa, Labette, Lane, Lincoln, Marshall, Mitchell, Montgomery, Ness, Osborne, Phillips, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Trego, Wallace, Washington, Wichita, and Woodson.

**Kentucky.** The counties of Bell, Caldwell, Floyd, Harlan, Hickman, Leslie, Letcher, Pike, and Union.

**Louisiana.** The parishes of Bienville, Claiborne, Franklin, Jackson, Morehouse, St. Mary, Tensas, Vernon, and Webster.

**Maine.** The counties of Aroostook and Piscataquis.

**Michigan.** The counties of Gogebic, Marquette, and Ontonagon.

**Minnesota.** The counties of Big Stone, Chippewa, Cottonwood, Faribault, Jackson, Kittson, Koochiching, Lac Qui Parle, Lincoln, Marshall, Martin, Murray, Norman, Pipestone, Red Lake, Redwood, Renville, Stevens, Traverse, Wilkin, and Yellow Medicine.

**Mississippi.** The counties of Adams, Coahoma, Humphreys, Montgomery, Quitman, Sharkey, Tallahatchie, and Washington.

**Missouri.** The counties of Atchison, Carroll, Chariton, Clark, Holt, Knox, Mississippi, New Madrid, Pemiscot, and Worth.

**Montana.** The counties of Carter, Daniels, Dawson, Deer Lodge, Fallon, Garfield, Hill, Liberty, McCone, Petroleum, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Valley, and Wibaux.

**Nebraska.** The counties of Antelope, Banner, Boone, Box Butte, Boyd, Burt, Cedar, Chase, Deuel, Dundy, Fillmore, Franklin, Garden, Garfield, Greeley, Hayes, Hitchcock, Holt, Jefferson, Johnson, Logan, Nance, Nemaha, Nuckolls, Pawnee, Perkins, Red Willow, Richardson, Rock, Sheridan, Sherman, Thayer, Thomas, Valley, Webster, and Wheeler.

**Nevada.** The counties of Esmeralda, Lander, and Mineral.

**New Hampshire.** Coos County.

**New Mexico.** The counties of Harding and Quay.

**New York.** The counties of Clinton and Montgomery.

**North Dakota.** The counties of Adams, Barnes, Benson, Billings, Bottineau, Burke, Cavalier, Dickey, Divide, Dunn, Eddy, Emmons, Foster, Golden Valley, Grant, Griggs, Hettinger, Kidder, LaMoure, Logan, McHenry, McIntosh, McKenzie, McLean, Mercer, Mountrail, Nelson, Oliver, Pembina, Pierce, Ramsey, Ransom, Renville, Sargent, Sheridan, Slope, Stark, Steele, Stutsman, Towner, Traill, Walsh, Wells, and Williams.

**Ohio.** The counties of Crawford, Monroe, Paulding, Seneca, and Van Wert.

**Oklahoma.** The counties of Alfalfa, Beaver, Cimarron, Custer, Dewey, Ellis, Grant, Greer, Harmon, Harper, Kiowa, Major, Roger Mills, Seminole, Tillman, and Woodward.

**Pennsylvania.** The counties of Venango and Warren.

**South Carolina.** Marlboro County.

**South Dakota.** The counties of Aurora, Campbell, Clark, Day, Deuel, Douglas, Faulk, Grant, Gregory, Haakon, Hand,

Harding, Hutchinson, Jones, Kingsbury, Marshall, McPherson, Miner, Perkins, Potter, Sanborn, Spink, Tripp, and Walworth.

**Texas.** The counties of Andrews, Bailey, Baylor, Borden, Briscoe, Brooks, Castro, Cochran, Coleman, Collingsworth, Cottle, Crane, Culberson, Deaf Smith, Dimmit, Eastland, Fisher, Floyd, Foard, Gray, Hall, Hardeman, Haskell, Hemphill, Hockley, Hutchinson, Kenedy, Kent, Knox, Lamb, Martin, McCulloch, Morris, Nolan, Oldham, Reagan, Reeves, Refugio, Roberts, Scurry, Stonewall, Terrell, Terry, Upton, Ward, Wheeler, Wilbarger, Winkler, Yoakum, and Zavala.

**Virginia.** The counties of Buchanan, Dickenson, Highland, and Lee and the independent cities of Clifton Forge, Covington, Norton, and Staunton.

**West Virginia.** The counties of Calhoun, Gilmer, Logan, McDowell, Mercer, Mingo, Summers, Tucker, Webster, Wetzel, and Wyoming.

**Wyoming.** The counties of Carbon and Niobrara.

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## Sample IRS 5884 (with instructions) Work Opportunity Tax Credit

You must use the correct IRS Form 5884 for the current tax year. (For example, filing in calendar year 2013, you must use the form for tax year 2012.) This form is available online from the IRS at <http://www.irs.gov/formspubs/>

5884 Work Opportunity Credit  
1 Enter on the appropriate line below the total qualified first- or second-year wages and second-year wages of employees who worked for you at least 100 hours but fewer than 400 hours...  
2 Enter on the appropriate line below the total qualified first- or second-year wages and second-year wages of employees who worked for you at least 400 hours...  
3 Work opportunity credit from partnerships, S corporations, cooperatives, estates, and trusts...  
4 Add lines 1 and 2. Cooperatives, estates, and trusts, go to line 5. Partnerships, S corporations, estates, and trusts, go to line 6...  
5 Amount allocated to partners of the cooperative or S corporation...  
6 Cooperatives, estates, and trusts, subtract from line 4 the amount on line 5...  
7 Enter the amount from line 6 on line 7. This is the amount you can claim on your tax return.

## Sample IRS 5884-C (with instructions) Work Opportunity Tax Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans

This is a WOTC form revised in January 2013. You must use the correct IRS Form 5884-C for the current tax year. (For example, filing in calendar year 2013, you must use the form for tax year 2012.) This form is available online from the IRS at <http://www.irs.gov/formspubs/>

5884-C Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans  
1 Is the organization a qualified tax-exempt organization (an organization described in section 501(c)(3) of the Internal Revenue Code)?  
2 Check a box to indicate the employment for which the organization files to report wages and to claim the credit:  
3 Check a box or boxes to indicate the employment for which the organization is claiming the credit:  
4 Check either (a) or (b):  
5 See instructions and enter the total qualified first-year wages and second-year wages of qualified veterans who began working for you on or after 12/31/2011 and who worked for you for at least 100 hours...  
6 See instructions and enter the total qualified first-year wages and second-year wages of qualified veterans who began working for you on or after 12/31/2011 and who worked for you for at least 400 hours...  
7 Enter the amount from line 6 on line 7. This is the amount you can claim on your tax return.



**Individual Characteristics Form (ICF)**

**Work Opportunity Tax Credit**

1. Control No. (For Agency use only)	<b>APPLICANT INFORMATION</b> (See instructions on reverse)		2. Date Received (For Agency Use only)
<b>EMPLOYER INFORMATION</b>			
3. Employer Name	4. Employer Address and Telephone	5. Employer Federal ID Number (EIN)	
<b>APPLICANT INFORMATION</b>			
6. Applicant Name (Last, First, MI)	7. Social Security Number	8. Have you worked for this employer before? Yes ___ No ___  If YES, enter last date of employment: _____	
<b>APPLICANT CHARACTERISTICS FOR WOTC TARGET GROUP CERTIFICATION</b>			
9. Employment Start Date	10. Starting Wage	11. Position	
12. Are you at least age 16, but under age 40? If YES, enter your <i>date of birth</i> _____			Yes ___ No ___
13. Are you a Veteran of the U.S. Armed Forces? If NO, go to Box 14. If YES, are you a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (Food Stamps) for at least 3 months during the 15 months before you were hired? If YES, enter name of <i>primary recipient</i> _____ and <i>city and state</i> where benefits were received _____. OR, are you a veteran entitled to compensation for a service-connected disability? If YES, were you discharged or released from active duty within a year before you were hired? OR, were you unemployed for a combined period of at least 6 months (whether or not consecutive) during the year before you were hired?			Yes ___ No ___  Yes ___ No ___  Yes ___ No ___  Yes ___ No ___
14. Are you a member of a family that received Supplemental Nutrition Assistance Program (SNAP) (formerly Food Stamps) benefits for the 6 months before you were hired? OR, received SNAP benefits for at least a 3-month period within the last 5 months But you are no longer receiving them? If YES to either question, enter name of <i>primary recipient</i> _____ and <i>city and state</i> where benefits were received _____.			Yes ___ No ___  Yes ___ No ___
15. Were you referred to an employer by a Vocational Rehabilitation Agency approved by a State? OR, by an Employment Network under the Ticket to Work Program? OR, by the Department of Veterans Affairs?			Yes ___ No ___ Yes ___ No ___ Yes ___ No ___



**INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061.** This form is used together with IRS Form 8850 to help state workforce agencies (SWAs) determine eligibility for the Work Opportunity Tax Credit (WOTC) Program. The form may be completed, on behalf of the applicant, by: 1) the employer or employer representative, the SWA, a participating agency, or 2) the applicant directly (if a minor, the parent or guardian must sign the form) and signed (Box 24a.) by the individual completing the form. This form is required to be used, without modification, by all employers (or their representatives) seeking WOTC certification. Every certification request must include an IRS Form 8850 and an ETA Form 9061 or 9062, if a Conditional Certification was issued to the individual pre-certifying the new hire as "eligible" under the requested target group.

Boxes 1 and 2. **SWA.** For agency use only.

Boxes 3-5. **Employer Information.** Enter the name, address including ZIP code, telephone number, and employer Federal ID number (EIN) of the employer requesting the certification for the WOTC. Do not enter information pertaining to the employer's representative, if any.

Boxes 6-11. **Applicant Information.** Enter the applicant's name and social security number as they appear on the applicant's social security card. In Box 8, indicate whether the applicant previously worked for the employer, and if Yes, enter the last date or approximate last date of employment. This information will help the "48-hour" reviewer to, early in the verification process, eliminate requests for former employees and to issue denials to these type of requests, or certifications in the case of "qualifying rehires" during valid "breaks in employment" (see pages III-12 and III-13, Nov. 2002, Third Ed., ETA Handbook 408) during the first year of employment.

Boxes 12-22. **Applicant Characteristics.** Read questions carefully, answer each question, and provide additional information where requested.

On January 2, 2013, President Obama signed into law *the American Taxpayer Relief Act of 2012* retroactively authorizing the Empowerment Zones (EZs) and WOTC non-veteran groups from December 31, 2011 through December 31, 2013. This Act also authorized continuation of the VOW Act of 2011 expanded veterans and provisions through December 31, 2013. **Form Updates.** "Empowerment Zones" was added to Box 18 to capture data for Designated Community Residents who must reside in a Rural Renewal County or EZ to be determined eligible for WOTC certification. A new Box 19 was added to this form to capture information on the Summer Youth group activated when the EZs were reauthorized. Members of the Summer Youth group must reside in an EZ to be determined eligible for WOTC certification. Boxes 19-21 were renumbered and are now Boxes 20-22. Box 22 below became Box 23, Sources to Document Eligibility.

Box 23 **Sources to Document Eligibility.** The applicant or employer is requested to provide documentary evidence to substantiate the **YES** answers in Boxes 12 through 22. List or describe the documentary evidence that is attached to the ICF or that will be provided to the SWA. Indicate in parentheses next to each document listed whether it is attached (A) or forthcoming (F). Some examples of acceptable documentary evidence are provided below. A letter from the agency that administers a relevant program may be furnished specifically addressing the question to which the applicant answered YES. For example, if an applicant answers YES to either question in Box 14 and enters the name of the primary recipient and the city and state in which the benefits were received, the applicant could provide a letter from the appropriate SNAP (formerly Food Stamp) agency stating to whom SNAP benefits were paid, the months for which they were paid, and the names of the individuals included on the grant for each month. SWAs will use this box to document the sources used when verifying target group eligibility, followed by their initials and the date the determination was completed.

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**Examples of Documentary Evidence and Collateral Contacts. Employers/Consultants:** You may check with your SWA to find out what other sources you can use to prove target group eligibility. (You are encouraged to provide copies of documentation or names of collateral contacts for each question for which you answered **YES**.)

#### QUESTION 12<sup>2</sup>

- Birth Certificate
- Driver's License
- School I.D. Card<sup>1</sup>
- Work Permit<sup>1</sup>
- Federal/State/Local Gov't I.D.<sup>1</sup>
- Copy of Hospital Record of Birth

#### QUESTION 13

- DD-214 or Discharge Papers
- Reserve Unit Contacts or Letters of Separation
- Letter issued only by the Department of Veterans Affairs (VA) on VA Letterhead or bearing the Agency Stamp, with signature, certifying Veteran status or that the Veteran has a service-connected disability.

#### QUESTIONS 14 & 16

- TANF/SNAP (Food Stamp) Benefit History
- Signed statement from Authorized Individual with a specific description of the months benefits that were received
- Case number identifier

#### QUESTION 15

- Vocational Rehabilitation Agency Contact
- Veterans Administration for Disabled Veterans

- Signed Letter of Separation or related document from authorized Individual on DVA letterhead or agency stamp with specific description of months benefits were received.
- **For SWAs:** To determine *Ticket Holder* (TH) eligibility, Fax page 1 of Form 8850 to MAXIMUS at: 703-683-1051 to verify if applicant: 1) is a TH, and 2) has an Individual Work Plan from an Employment Network.

#### QUESTION 17

- Parole Officer's Name or Statement
- Correction Institution Records
- Court Records Extracts

#### QUESTIONS 18 & 19

- To determine if a Designated Community Resident (DCR) lives in a Rural Renewal County, visit the site: [www.usps.com](http://www.usps.com). **Click on Find Zip Code; Enter & Submit Address/Zip Code; Click on Mailing Industry Information; Download and Print the Information**, then compare the county of the address to the list in the Instructions to IRS Form 8850.
- To determine if the DCR or a Summer Youth lives in an Empowerment Zone, check the Instructions to IRS Form 8850, or visit the U.S. Department of Housing and Urban Development's "locator" at: <http://egis.hud.gov/ezrlocator/>.

**QUESTION 20**

- SSI Record or Authorization
- SSI Contact
- Evidence of SSI Benefits

Box 24(a). **Signature.** The person who completes the form signs the signature block.

Box 24(b). **Signatory Options.** Qualified individuals/entities which can sign the form instead of the applicant: (a) Employer, (b) Consultant, (c) SWA staff, (d) Participating Agency staff, (e) Applicant, or (f) Parent or guardian (If applicant is a minor, the parent or guardian must sign).

Box 25. **Date.** Enter the month, day and year when the form was completed.

**QUESTIONS 21 & 22**

- Unemployment Insurance (UI) Claims Records
- UI Wage Records

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Persons are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. Respondent's obligation to reply to these questions is required to obtain and retain benefits per law 104-188. Public reporting burden for this collection of information is estimated to average 20 minutes per response including the time for reading instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing burden to the U.S. Department of Labor, Employment and Training Administration, Division of National Programs, Tools, and Technical Assistance, 200 Constitution Ave., NW, Room C-4510, Washington, D.C. 20210 (Paperwork Reduction Project Control No. 1205-0371).

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.....✂.....  
 (Cut along dotted line and keep in your files)

TO: THE JOB APPLICANT OR EMPLOYEE,

**Privacy Act Statement:** *The Internal Revenue Code of 1986, Section 51, as amended and its enacting legislation, P.L. 104-188, specify that the State Workforce Agencies are the "designated" agencies responsible for administering the WOTC certification procedures of this program. The information you have provided completing this form will be disclosed by your employer to the State Workforce Agency. Provision of this information is voluntary. However, the information is required for your employer to receive the federal tax credit. IF THE INFORMATION YOU PROVIDE IS ABOUT A MEMBER OF YOUR FAMILY, YOU SHOULD PROVIDE HIM/HER A COPY OF THIS NOTICE.*

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1. Where a Federal/State/Local Gov't., School I.D. Card, or Work Permit does not contain age or birth date, another valid document must be obtained to verify an individual's age.  
 2. ESPL No. 05-98, dated 3/18/98, officially rescinded the authority to use Form I-9 as proof of age and residence. **Therefore, the I-9 is not a valid piece of documentary evidence since May 1998.**





**MAIL THE ENCLOSED FORM TO:  
WOTC**

**Missouri Division Of Workforce Development  
P.O. Box 1087  
Jefferson City, Mo 65102-1087  
(800) 877-8698 • [Wotc@Ded.Mo.Gov](mailto:Wotc@Ded.Mo.Gov)**



For additional information about Missouri Division of Workforce Development services, contact a Missouri Career Center near you. Locations and additional information are available at [jobs.mo.gov](http://jobs.mo.gov) or 1-888-728-JOBS (5627). Missouri Division of Workforce Development is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Missouri TTY users can call (800) 735-2966 or dial 7-1-1.

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