

# HOW TO APPLY

## POTENTIAL EMPLOYEE FILLS OUT FORM

**STEP 1:** When a prospective employee is applying for a job, the employer can have them complete **IRS Form 8850** - Pre-Screening Notification and Certification Request.

## NEWLY HIRED EMPLOYEE FILLS OUT FORM

**STEP 2:** During the hiring process, the newly hired employee completes the **ETA Form 9061**, which is provided by the employer - Individual Characteristics Form.

The required **IRS Form 8850** and **ETA-9061** forms are available at:

[dol.gov/agencies/eta/wotc/how-to-file](https://dol.gov/agencies/eta/wotc/how-to-file)

## EMPLOYER SUBMITS FORMS

**STEP 3:** Employers submit the request to DEW within 28 days of the start date via:

### E-FILE:

- Consultants:
  - [sc.wotc-web.net/wa\\_login\\_consult.html](https://sc.wotc-web.net/wa_login_consult.html)
- Private Employers:
  - [sc.wotc-web.net/wa\\_login\\_emp.html](https://sc.wotc-web.net/wa_login_emp.html)

### MAIL:

S.C. Department of Employment and Workforce  
Attention: WOTC Unit  
P.O. Box 995  
Columbia, SC 29202

**Applications MUST be e-filed or postmarked within 28 days of the start date.**

Documentation of veteran, disabled veteran, SSI recipient and age and address for Designated Community Residents is required.

For WOTC employment services, contact an SC Works representative. To find your local SC Works center, visit [scworks.org](https://scworks.org) and click "Find a Center."

For WOTC business services, contact the S.C. Department of Employment and Workforce, Work Opportunity Tax Credit office at [WOTC@dew.sc.gov](mailto:WOTC@dew.sc.gov).



The Work Opportunity Tax Credit program is sponsored by the U.S. Department of Labor and administered by the South Carolina Department of Employment and Workforce (DEW).

### ADMINISTERED BY:



SOUTH CAROLINA DEPARTMENT OF  
**Employment and Workforce**

### IN PARTNERSHIP WITH:

**SC WORKS**

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An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

For program funding details in compliance with the Stevens Amendment, please visit [www.dew.sc.gov/funding](https://www.dew.sc.gov/funding).

Catalog: #128

# WORK OPPORTUNITY TAX CREDIT

UNIQUE INCENTIVE ENCOURAGING BUSINESSES TO HIRE INDIVIDUALS WITH BARRIERS TO EMPLOYMENT

EACH YEAR,

## THOUSANDS

of people with **barriers to employment** are hired by South Carolina businesses that take advantage of the WOTC opportunity.

As a result, certifications for **millions in tax credits** are issued to those businesses for supporting these individuals.

### ADMINISTERED BY:



SOUTH CAROLINA DEPARTMENT OF  
**Employment and Workforce**

### SPONSORED BY:



# WHAT IS WOTC?

The Work Opportunity Tax Credit (WOTC) is a **federal tax credit** that acts as a hiring incentive for employers to hire individuals from certain target groups who have consistently faced significant barriers to employment, such as unemployed and/or disabled veterans.

WOTC helps targeted workers move from economic dependency to self-sufficiency as they earn a steady income and become contributing taxpayers, while participating employers are able to reduce their income tax liability.



**For-profit entities** can receive a 40 percent tax credit against first-year qualifying wages paid when new hires have been employed for 400 hours or more. (**Qualifying wage caps apply**).



**Qualified tax-exempt not for-profit 501(c) entities** can participate when hiring qualifying veterans only. The credit is 26 percent of the first-year wages when new hires have been employed for 400 hours or more.

## MORE INFORMATION

- **DEW must certify the tax credit** before it can be claimed by the business.
- Once certified and minimum required hours are met, the **for-profit entity** will claim the tax credit as a general business credit against their federal income tax using **IRS Form 3800**. The **IRS Form 5884** is used to calculate the amount of the credit.
- **Non-profit 501c entities** will claim the credit against the employer's share of Social Security tax using **IRS Form 5884-C**.
- To obtain the corresponding IRS Forms and tax filing instructions please visit [irs.gov](https://www.irs.gov).
- Relatives and previously employed individuals are not WOTC eligible job applicants.

## MORE INFORMATION

- Tax credits cannot be claimed for federally subsidized on-the-job training; however, wages paid after the subsidy expires can qualify for credit.
- The **IRS Form 8850** may be used to pre-screen job applicants for eligibility.
- Reduced credits may apply for those who worked less than 400 hours.

## EXAMPLE

Bill was having trouble finding a job due to his criminal record. Bill learned about the WOTC tax credit, leveraging the program to his advantage by making employers aware of his eligibility and soon received an offer of employment. Bill completed the necessary forms and the employer submitted them, receiving a certification to take a tax credit. Later, the employer hired 10 more qualified applicants and was certified to take additional WOTC tax credits.

## QUALIFYING TARGET GROUPS



**Veteran/\*SNAP Recipient:** Received SNAP benefits for three consecutive months in the last 15 months.

**Unemployed Disabled Veteran:** Entitled to compensation for a service-connected disability and unemployed for a period totaling at least six months in the previous year. (**Maximum credit \$9,600**).

**Disabled Veteran:** Entitled to compensation for a service-connected disability and during the one-year period prior to the hire date, was discharged, or released from active duty. (**Maximum credit \$4,800**).

**Unemployed Veteran (Four Weeks):** Unemployed for at least four weeks during the one-year period prior to the hire date.

**Unemployed Veteran (Six Months):** Unemployed for at least six months during the one-year period. (**Maximum credit \$5,600**).

**Vocational Rehabilitation or Ticket-To-Work Participant:** Active client or successful completion of \*IWRP within two years prior to the hire date through Vocational Rehabilitation, Department of Veteran Affairs or Commission for the Blind.

\***LTUR:** Unemployed at least 27 consecutive weeks in which unemployment insurance benefits were received a portion of the time.

**Ex-Felon:** Convicted felony offender hired within one year of conviction or release date, or during work-release program participation.

\***SSI Recipient:** Received SSI any month during the 60 days prior to the hire date.

**Designated Community Resident (DCR):** 18-39 year-old residing in a federally-designated Empowerment Zone (EZ), or the Marlboro County Rural Renewal Community.

**Summer Youth:** 16-17 year-old Empowerment Zone (EZ) resident hired between May 1 and September 15. (**Maximum credit \$1,200**).

\***SNAP Recipient:** 18-39 year-old receiving SNAP benefits six consecutive months prior to and including the hire month.

\***TANF Recipient:** Received TANF nine of the last 18 months.

**Long-Term Family Assistance Recipient:** Long-term TANF recipient.

**Two-tier maximum credits:**

**Year One:** \$4,000  
**Year Two:** \$5,000 > = \$9,000

Except where noted, the maximum credit is \$2,400 per employee.

## ACRONYMS\*

- **IWRP:** Individual Written Rehabilitation Plan
- **LTUR:** Long Term Unemployment Insurance Recipient
- **SNAP:** Supplemental Nutritional Assistance Program
- **SSI:** Supplemental Security Income
- **TANF:** Temporary Assistance to Needy Families