

# WORK OPPORTUNITY TAX CREDIT



The Work Opportunity Tax Credit (WOTC) Program provides a federal income tax credit available to businesses who hire individuals with barriers to employment from qualifying target groups. The Internal Revenue Service designated the State Workforce Agency (SWA) as responsible for administering the Work Opportunity Tax Credit Program in each State. The Maryland Department of Labor, through the Division of Workforce Development, administers the program in the state of Maryland.

## ELIGIBLE BUSINESSES AND ELIGIBILITY

- A business must be operating in the State of Maryland.
- Consultants with power of attorney for an employer may apply on behalf of that employer.
- Businesses may be either taxable or tax-exempt.
- The credit will not affect the employer's Social Security tax liability reported on the organization's employment tax return.

The tax credit amount differs per target group. The Internal Revenue Service (IRS) determines the amount for each credit once the business or their authorized representative files their taxes. While an employer may indicate that an individual meets qualification for more than one target group, the WOTC certification may only be granted for one group per individual. If multiple target groups are indicated on the application, the DWDAL Tax Credit Unit will check for target group qualifications in order of most-to-lease credits available.

Businesses may apply for the Maryland WOTC program, and applications must be submitted within 28 calendar days after the new employee's start date.

## QUALIFYING GROUPS

- Qualified IV-A Recipient (*Temporary Assistance to Needy Families - TANF*)
- Qualified Veterans
- Qualified Ex-felon
- Designated Community Resident
- Vocational Rehabilitation referral
- Recipient of SNAP benefits (food stamps)
- Supplemental Security Income (SSI) recipient
- Long-term Family Assistance Recipient
- Qualified Long-term Unemployment Recipient

## APPLICATION PROCEDURE

The Maryland Department of Labor (<http://labor.maryland.gov/employment/wotc.shtml>) is proud to have incorporated its own Work Opportunity Tax Credit electronic system!

- The business will submit **Form 8850** (<https://www.irs.gov/pub/irs-pdf/f8850.pdf>), “Prescreening Notice and Certification Request” to the Tax Credit Program Unit. *The form must be completed by the applicant on or before the date of hire and must be postmarked within 28 days of the employee’s start date.*
- The business will also submit **Form 9061** (<http://labor.maryland.gov/forms/wdeta9061.pdf>), “Individual Characteristic” or **Form 9062** “Conditional Certification” which may be submitted at the same time as the 8850 or later date.
- The staff will review the **Forms 8850** (<https://www.irs.gov/pub/irs-pdf/f8850.pdf>) and **9061/9062** (<http://labor.maryland.gov/forms/wdeta9061.pdf>). *(Both forms must be received before a certification can be issued.)*

## ADDITIONAL RESOURCES

Internal Revenue Service (IRS)

<https://www.irs.gov/businesses/>

United States Department of Labor

<https://www.doleta.gov/business/incentives/opptax/>



For program funding details in compliance with the Stevens Amendment, scan the QR code on your mobile device.

Maryland's American Job Center System Reasonable Accommodations Statement & Publications with Phone Numbers | Approved by OFP – April 18, 2016; May 21, 2018. Maryland's American Job Center system, a proud partner of the American Job Center network, is an equal opportunity employer/program committed to diversity in the workplace. We do not discriminate on the basis of race, religion, color, sex, age, sexual orientation, national origin, or disability. Please contact a local American Job Center to make arrangements for auxiliary aids, interpreter services, and reasonable accommodations.



For more information please scan the QR code on your mobile device.