HOW TO APPLY FOR THE TAX CREDIT

STEP 1: POTENTIAL EMPLOYEE FILLS OUT FORM

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

STEP 2: NEWLY HIRED EMPLOYEE FILLS OUT FORM

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:

www.doleta.gov/business/incentives/opptax/

STEP 3: EMPLOYER SUBMITS FORMS

Employers submit the request to the S.C. Department of Employment and Workforce within 28 days of the start date via:

E-FILE:
Consultants go to:
https://sc.wotc-web.net/wa_login_consult.html
Or
Private Employers go to:
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 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.

SOUTH CAROLINA DEPARTMENT OF EMPLOYMENT AND WORKFORCE

SC WORKS

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The Path Act of 2015 retroactively authorized the Work Opportunity Tax Credit program from January 1, 2015 through December 31, 2019.

An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers may be reached using TTY/TDD equipment via the South Carolina Relay services at 711.

Program funded through U.S. Department of Labor.

Revised: August 20, 2019

Catalog #: 129

WORK OPPORTUNITY TAX CREDIT

UNIQUE INCENTIVE ENCOURAGING BUSINESSES TO HIRE INDIVIDUALS WITH BARRIERS TO EMPLOYMENT



In 2019, 38,961 people with barriers to employment were hired by South Carolina employers who took advantage of the WOTC opportunity.

As a result, certifications for millions in tax credits were issued to those South Carolina business for supporting these individuals.

EMPLOYMENT AND WORKFORCE

WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment.

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.

Administered by the S.C. Department of Employment and Workforce, WOTC is designed to provide an incentive for businesses to hire unemployed veterans, disabled veterans and individuals with documented barriers to employment.

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.

Example

Bill was having trouble finding a job due to his criminal record. Bill learned about the WOTC tax credit and began to let prospective employers know that he may qualify. He leveraged 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 new employer submitted them. The employer received a certification and was eligible to take a tax credit. After learning about this program, the employer hired 10 more qualified applicants and was certified to take additional WOTC tax credits.

MORE INFORMATION

- The Department of Employment and Workforce 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.
- Relatives and previously employed individuals are not WOTC eligible job applicants.
- 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.

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, or the Marlboro County Rural Renewal Community.

***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