

# WORK OPPORTUNITY TAX CREDIT



**NHES** *New Hampshire  
Employment  
Security*  
[www.nhes.nh.gov](http://www.nhes.nh.gov)  
*"We're working to keep New Hampshire working"*





ADMINISTRATIVE OFFICE  
45 SOUTH FRUIT STREET  
CONCORD, NH 03301-4857



GEORGE N. COPADIS, COMMISSIONER  
RICHARD J. LAVERS, DEPUTY COMMISSIONER

TO: Employers, Consultants and Service Providers  
FROM: New Hampshire Employment Security, WOTC Certifying Unit

Thank you for your interest in the Work Opportunity Tax Credit Program as administered in the State of New Hampshire. Please be advised that New Hampshire uses a centralized mail-in system for WOTC processing. It is the responsibility of the employer or an authorized representative to request Certification in writing. Certification can be requested for first time hires only.

An employer's complete request for certification must include:

- (A) A WOTC Pre-Screening Notice (IRS Form 8850) that has been completed on or before the day the job offer is made, and sent to NHES no later than 28 days after the start work date. This is a two-sided or two-page document. This document must contain original signatures and all areas must be completed before it can be accepted.
- (B) An Individual Characteristics Form (ETA 9061) that has been completed and includes supporting documentation for the target group chosen. Examples of supporting-documentation can be found on a separate page in this packet.

All completed WOTC and Forms and documentation are mailed to: New Hampshire Employment Security, WOTC Certifying Unit - Operations 45 South Fruit Street, Concord NH 03301-4857. They may also be faxed to the number below.

For more information or questions regarding this program please contact Keith Badger, State WOTC Coordinator at 603-228-4079 (Fax) 603-229-4321.

Email: [Keith.F.Badger@nhes.nh.gov](mailto:Keith.F.Badger@nhes.nh.gov) or visit our web site @ [www.nhes.nh.gov](http://www.nhes.nh.gov)

Sincerely

Keith Badger  
WOTC Coordinator



# Work Opportunity Tax Credit Program

October 2012

## WOTC Target Groups At-A-Glance

- A) **Qualified IV-A Recipients** \* \* \* This target group refers to any person who is a member of a family receiving AFDC/TANF or benefits under a successor program for any nine months during the 18-month period ending on the hiring date. An IV-A recipient is, for purposes of the WOTC, a family member who is specifically listed on the IV-A grant.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

### **Target Group (B-FSV)**

#### **Qualified Food Stamp Veteran**

This target group refers to any veteran certified by New Hampshire Employment Security as one who:

- 1) is a member of a family receiving assistance under the Supplemental Nutrition Assistance Program (SNAP) program for at least a 3-month period during the 14-month period ending on the hiring date;
- 2) has served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days or was discharged or released from active duty in the Armed Forces of the United States for a service connected disability; **and**
- 3) did not have any day during the 60-day period ending on the hiring date that was a day of “extended active duty” in the Armed Forces of the United States. The term “extended active duty” means a period of more than 90 days during which the individual was on active duty, other than active duty for training.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

### **Target Group (B-RSDV)**

#### **Qualified Recently Separated Disabled Veteran**

This target group refers to any veteran who is certified by New Hampshire Employment Security as:

- 1) Entitled to compensation for a service-connected disability **and**
- 2) Having a hiring date which is not more than one year after having been discharged or released from active duty in the Armed Forces of the United States.

**Note:** Being entitled to compensation for a service-connected disability is defined with reference to section 101 of Title 38, U.S.C., which means having a disability rating of 10-percent or higher for service connected injuries.

The tax credit for the “Disabled Veteran” sub-group is calculated at the rate of 25% of the qualified first-year wages up to \$12,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$3,000. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$12,000. This allows a maximum credit amount of \$4,800.

### **Target Group (B-UDV)**

#### **Qualified Unemployed Disabled Veteran**

This target group refers to any veteran who is certified by New Hampshire Employment Security as:

- 1) Entitled to compensation for a service-connected disability **and**
- 2) Having aggregate periods of unemployment of 6 months or more during the one-year period ending on the hiring date.

**Note:** Being entitled to compensation for a service-connected disability is defined with reference to section 101 of Title 38, U.S.C., which means having a disability rating of 10-percent or higher for service connected injuries.

The tax credit for the “Disabled Veteran” sub-group is calculated at the rate of 25% of the qualified first-year wages up to \$24,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$6,000. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$24,000. This allows a maximum credit amount of \$9,600.

## **Target Group (B-STUV)**

### **Qualified Veteran Receiving U.I. for 4 Weeks**

This target group refers to any veteran who is certified by New Hampshire Employment Security as:

- 1) Having aggregate periods of unemployment of at least 4 weeks but less than 6 months in the year prior to being hired.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

## **Target Group (B-LTUV)**

### **Qualified Veteran Receiving U.I. for 6 Months**

This target group refers to any veteran who is certified by New Hampshire Employment Security as:

- 1) Having aggregate periods of unemployment of 6 months or more in the year prior to being hired.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$14,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$3,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$14,000. This allows a maximum credit amount of \$5,600.



IRS Notice 2012-13  
WOTC Credit for Qua

## **C) Qualified Ex-Felons \* \* \*** This target group refers to any one who:

- 1) has been convicted of a felony under any statute of the United States or any state, **and**
- 2) has a hiring date that is not more than one year after the last date on which he/she was so convicted or was released from prison.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

**D) Designated Community Residents** \* \* \* This target group refers to any person who:

- 1) is at least age 18, but not yet age 40, on the hiring date, **and**
- 2) has his/her principal place of abode within a rural renewal county (RRC).

In the case of a designated community resident, the term qualified wages shall **not** include wages paid or incurred for services performed while he/she lived outside of the RRC.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

**E) Vocational Rehabilitation Referral** \* \* \* This target group refers to any person:

- 1) having a physical or mental disability that, for that individual constitutes or results in a substantial handicap to employment, **and**
- 2) was referred to the employer upon, or within two years of completing rehabilitative services pursuant to an individualized written plan for employment under a state plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, **or**
- 3) being referred to the employer upon completion of or while receiving individualized services pursuant to a plan of employment under a vocational program for veterans, carried out under Chapter 31 of Title 38, U.S. Code.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first year wages up to \$6,000. This allows a maximum credit amount of \$2,400.



**G) Qualified Food Stamp Recipient \* \* \*** This target group refers to any person who:

- 1) has attained the age of 18 but not yet age 40 on the hiring date, **and**
- 2) is a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the six-month period ending on the hiring date, **or**
- 3) receiving such assistance for at least three months of the five-month period ending on the hiring date, in the case of an able-bodied adult without dependents who ceases to be eligible for food stamps under the work requirements at Section 6 (o) of the Food Stamp Act of 1977.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

**H) Qualified SSI Recipient \* \* \*** This target group refers to any person who is:

receiving Supplemental Security Income (SSI) benefits under title XVI of the Social Security Act for any month ending within the 60-day period ending on the hiring date.

The tax credit for this target group is calculated at the rate of 25% of the qualified first-year wages up to \$6,000 for employees working at least 120 hours, but less than 400 hours. This allows a maximum credit amount of \$1,500. For employees working at least 400 hours or more, the credit is calculated at the rate of 40% of the qualified first-year wages up to \$6,000. This allows a maximum credit amount of \$2,400.

**I) Long -Term Family Assistance Recipients\*\*\***

A “Long-term Family Assistance Recipient” refers to any person who is a member of a family that:

- 1) has received family assistance (i.e., AFDC/TANF or a successor program) for at least 18 consecutive months ending on the hiring date, **or**
- 2) has received family assistance for a total of at least 18 months (whether or not consecutive) beginning after August 05, 1997, and has a hiring date that is not more than two years after the end of the earliest 18-month period; **or**

- 3) whose AFDC/TANF eligibility expired under a Federal or State law after August 05, 1997, for applicants hired within two years after their eligibility expiration.

**Note:** TANF means Temporary Assistance to Needy Families.

**Qualified First-Year Wages**...are wages that an employee earns during the first-year period, which begins the day the employee starts work. The maximum amount of wages to which the 40 percent tax credit may be applied during the first year shall not exceed \$10,000 for a maximum first year credit of \$4,000.

**Qualified Second-Year Wages**...are wages that an employee earns during the second-year period. During the second year, the maximum amount of wages to which the 50 percent may be applied shall not exceed \$10,000 for a maximum credit of \$5,000.

### **WOTC for Qualified Tax-Exempt Organizations which hire Qualified Veterans**

Qualified tax-exempt organizations 501(c)

The WOTC tax credit for qualified tax-exempt organizations is applied against the organizations "Payroll Taxes".

The WOTC tax credit for qualified tax-exempt organizations which hire Qualified Veterans is calculated at the rate of 16.25% of the qualified first-year wages for employees working at least 120 hours, but less than 400 hours. For employees working at least 400 hours or more, the credit is calculated at the rate of 26% of the qualified first-year wages.

### **WOTC Forms Completion Requirements**

#### **IRS Form 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Tax Credit)**

Employers use IRS Form 8850 to pre-screen and to make a written request to the New Hampshire Employment Security to certify the individual as:

- A member of a targeted group for purposes of qualifying for the WOTC tax credit

Note: Do not file IRS Form 8850 with the Internal Revenue Service.

Submitting IRS Form 8850 to New Hampshire Employment Security is but one step in the employer's qualifying for the WOTC tax credit. New Hampshire Employment Security 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 WOTC tax credit. A qualified employer may elect to take the applicable tax credit by filing IRS Form 5884.

**Notice to Employers** ...Before claiming the WOTC tax credit on IRS Form 5884, an employer must obtain certification of an employee's eligibility as a member of a qualified WOTC targeted group. New Hampshire Employment Security is the "designated local agency" responsible for issuing the required WOTC tax credit certification.

**Who Should Complete and Sign IRS Form 8850?** The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on IRS Form 8850. Based on the applicant's information, the employer determines whether he/she believes the applicant is a member of a WOTC targeted group. If the employer believes the applicant is a member of a WOTC targeted group, the employer completes the form. Both the employee and the employer must sign IRS Form 8850 no later than the date for submitting the form to New Hampshire Employment Security.

#### **How do I get IRS Form 8850 ?**

For your convenience, a copy of IRS Form 8850 (Rev.01-2012) is included in this package. Employers may reproduce the attached IRS Form 8850 or may request additional copies from New Hampshire Employment Security. Visit our web site at: [www.nhes.nh.gov](http://www.nhes.nh.gov) select Employer, Employer Incentives to Hire, or the IRS's web site at: <http://www.irs.gov>

#### **How do I use IRS Form 8850 for WOTC?**

The job applicant furnishes information to the employer on or before the day the job offer is made by completing page one of IRS Form 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Credit). If the individual is hired and has answered "Yes" to item 2, 3, 4 or 5, the employer must then complete page 2 of form 8850. **Both the employee and employer must sign IRS Form 8850, with the employer submitting the original of the completed form to NHES at the following address:**

**New Hampshire Employment Security  
Attn: WOTC Program  
45 South Fruit Street  
Concord, NH 03301**

Employers must submit the completed IRS Form 8850 to the above NHES address with a U. S. Postal Service (USPS) postmark which is not later than 28 calendar days following the employee's employment start date. When the last day of the 28-calendar-day period ends on a Saturday, Sunday, or legal holiday, the next

succeeding business day, which is not a Saturday, Sunday, or legal holiday, will be treated as the last day of the period. IRS 8850 form's which are postmarked (USPS) according to this rule will be considered timely when submitted to NHES.

**Alternative Method of Filing or Signing Form 8850 – Filing or Signing by Facsimile.**

IRS Notice 2012-13 provides the following guidance on alternative methods of filing or signing IRS Form 8850 by facsimile. The IRS will also allow the facsimile transmission of applicant and employer signatures on a Form 8850 if the applicable DLA accepts Form 8850 via facsimile, the applicant and employer intend the signatures on the faxed copy to be their signatures for purposes of the document, and the requirements of paragraphs (1) and (2) below are satisfied:

(1) Same Information as Paper Form 8850. The facsimile submission is a reproduction of IRS Form 8850 that provides the NHES with exactly the same information as the paper copy Form 8850.

(2) Signature Requirements. IRS Form 8850 is signed by the job applicant and the employer, under penalties of perjury, and transmitted to NHES in the following manner:

(i) An original IRS Form 8850 is completed in paper copy and then signed in ink by the job applicant;

(ii) The original IRS Form 8850, signed by the job applicant, is delivered to the employer either in person or by facsimile;

(iii) The employer signs in ink either the paper copy of IRS Form 8850 that was signed by the job applicant or the facsimile of that paper copy; and

(iv) The employer faxes the signed IRS Form 8850 to NHES no later than the last day of the 28-calendar day period specified by § 51(d)(13)(A)(ii) (or within the additional period authorized under paragraph 3 of IRS Notice 2012-17, dated February 09, 2012.

For purposes of this section, “employer” refers to any employer required to submit IRS Form 8850 in order to obtain the WOTC under § 51 or the equivalent credit under § 3111(e), or an authorized representative of such an employer.

**Note:** In accordance with the above provisions, employers may submit properly completed IRS Form 8850's to NHES, Attn: Keith Badger at the following fax number **603-229-4321**.

## WOTC Special Rules

Qualified Wages... In general, “qualified wages” for WOTC purposes means “wages” as defined by IRS Code, Section 3306.

Qualified First-Year Wages are wages that an employee earns during the one-year period, which begins the day the employee starts work. The maximum amount of wages to which the 25 or 40 percent credit may be applied shall not exceed \$6,000 of first-year wages for all target groups, except qualified summer youth, which may not exceed \$3,000 or qualified veterans which may not exceed \$12,000.

Eligibility of Resident Aliens and Non-Citizens... Although an employee does not have to be a United States citizen (e.g., a resident alien) to be a target group member, the employee’s “citizen status” may affect whether wages paid to the employee are “qualified wages” for claiming a tax credit under the WOTC program.

Agricultural and Railroad Employees... A different wage definition applies to certain agricultural and railroad employees. See IRS Form 5884, Work Opportunity Credit, for more details.

Trade or Business Employment Wages... To claim the tax credit on an employee’s wages, more than half of those wages paid during any tax year must be earned by the employee in an employer’s trade or business; therefore, maids, chauffeurs, and other employees who work only in the home are not qualified for the WOTC.

On-the-Job Training (OJT) Payments... If for any period an employer receives federally funded payments for OJT for an employee, none of the wages paid to that employee for the OJT period qualify for the WOTC. While the wages paid to the employee during the OJT period do not qualify the employer for a tax credit, the time spent by the employee receiving OJT qualifies the employer towards fulfilling the minimum employment period requirement (retention period).

Non-Qualifying Rehires... A person shall not qualify an employer for the tax credit if, prior to the hiring date, the person was employed by the employer at any time.

Breaks in Employment... A WOTC certified employee may experience one or more breaks in employment, i.e., be laid off or quit and be re-hired by the same employer, and continue to qualify his/her employer for the tax credit. However, the employer may take the tax credit only on wages paid during the one-year period (or 90-day period for qualified summer youth) beginning on the employment starting date, including any breaks in employment. In determining whether an employee satisfies the “minimum retention” period of employment, the employer totals the cumulative days or hours the employee actually worked for the employer during the employee’s first year of employment.

Limitation on Unused Credit in a Carry-back or Carry-over Year... Unused WOTC credits that can be taken in a carry-back or carry-over year cannot be more than the tax liability limitation for that year, less any WOTC tax credit that is:

- 1) earned in the carry-back or carryover year, or
- 2) claimed in the carry-over year from a year earlier than the current year.

The WOTC, as a component of the general business credit, is subject to the net tax liability limitation of Section 38 of the Internal Revenue Code and the carry-back and carry-over rules of Section 39.

Nepotism...No WOTC tax credit can be claimed for wages paid to relatives employed by a taxpayer/employer. The tax credit is not valid if the employer/employee relationship is any of the following:

- 1) A son or daughter of the employer, or descendant of a son or daughter;
- 2) A stepson or stepdaughter of the employer;
- 3) A brother, sister, stepbrother, or stepsister of the employer;
- 4) A father or mother of the employer, or an ancestor of either;
- 5) A stepfather or stepmother of the employer;
- 6) The nephew or niece of the employer;
- 7) The uncle or aunt of the employer; or,
- 8) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the employer.

## Examples of Documentary Evidence for Establishing & Verifying WOTC Eligibility

### AGE/BIRTHDATE\* (required for *High Risk, Summer Youth & Food Stamp*)\*

- Birth Certificate
- Driver's License
- School I.D. Card/School Records
- Work Permit
- Federal/State/Local Government I.D. <sup>1</sup>
- Hospital Record of Birth

### EX-FELON STATUS \*

- Parole Officer's Name/Statement
- Correction Institution Records
- Court Record, Extract, Contact
- Parole Officer's Statement

DESIGNATED COMMUNITY RESIDENT (DCR). To determine if the address of a DCR is in a Rural Renewal County (RRC), visit the site [www.ups.com](http://www.ups.com). Click on **Find a Zip Code**; Enter & Submit **Address/Zip Code**; Click on **Mailing Industry Information**; Download & Print for Case file. \*\*\*

### FOOD STAMP RECIPIENT

- Food Stamp Benefit History
- Signed statement from authorized individual with specific description of months benefits were received.
- Case Number/Identifier

### SSI RECIPIENT

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

### TICKET HOLDER (Ticket to Work Program)

Telephone call by SWA to MAXIMUS to verify if applicant is:

- 1) a ticket holder, and
- 2) has an IWP with an Employment Network (EN).

### VETERAN STATUS & DISABLED VETERANS

- DD-214
- Reserve Unit Contacts
- Discharge Papers
- FL 21-802 (Issued ONLY by DVA. Certifies a Veteran with a service connected disability)
- UI Wage Records (for unemployed status)

### VOCATIONAL REHABILITATION REFERRAL

- Voc. Rehab. Agency Contact
- Social Services Agency
- Veteran's Administration Contact

### AFDC/TANF & Long-Term Assistance Recipient

- TANF Benefit History
- Signed statement from authorized individual with specific description of months benefits were received.
- Case Number/Identifier

*These examples are not intended to be all-inclusive.*

