

The logo for the Minnesota WorkForce Center is a large, light gray outline of the state of Minnesota. Inside the outline, the words "MINNESOTA" and "WORKFORCE CENTER" are written in a large, bold, sans-serif font. The text is centered and stacked vertically. The word "MINNESOTA" is positioned above "WORKFORCE CENTER".

# **Work Opportunity and Welfare-to-Work Tax Credit Programs Employer Packet**

This employer packet was prepared by the Minnesota Department of Employment and Economic Development (DEED), Tax Credit Unit, *a key partner of the Minnesota WorkForce Centers.*

Minnesota Department of Employment and Economic Development  
Tax Credit Unit  
1st National Bank Building  
332 Minnesota Street, Suite E200  
St. Paul, MN 55101-1351

Website:	<b><i><a href="http://www.deed.state.mn.us/wotc">www.deed.state.mn.us/wotc</a></i></b>
Telephone:	651-297-2219
Toll-free:	888-234-5521
Fax:	651-297-7722
TTY:	651-296-3900
Email:	<a href="mailto:deed.wotc@state.mn.us">deed.wotc@state.mn.us</a>

## **What is the Work Opportunity (WOTC) and Welfare-to-Work (WtW) Tax Credit?**

**WOTC** allows employers to take a federal income tax credit when they hire persons from certain targeted groups.

For seven of the eight targeted groups, the maximum federal tax credit is 40 percent of the first \$6,000 in qualified wages for a savings of \$2,400 for individuals who work 400 hours or more. If the individual works at least 120 to 399 hours, the tax credit is 25 percent of the first \$6,000 in wages for a savings of \$1,500.

For the Summer Youth target group, the maximum federal tax credit is 40 percent of the first \$3,000 in qualified wages for a savings of \$1,200 for individuals who work 400 hours or more. If the individual works at least 120 to 399 hours, the tax credit is 25 percent of the first \$3,000 in wages for a savings of \$750.

The **WtW Tax Credit** was created as part of the Taxpayer Relief Act of 1997. If an employer hires a long-term family assistance recipient, the employer may be eligible for a tax savings of 35 percent of the first \$10,000 in qualified wages (\$3,500 maximum) for the first year and 50 percent of the first \$10,000 in qualified wages (\$5,000 maximum) for the second year of employment. Individuals must be employed at least 400 hours before the credit can be claimed. The WtW Tax Credit is a two-year program that provides tax savings up to \$8,500 for each eligible new hire.

The **WOTC and WtW Tax Credits** may be claimed only by private-for-profit employers. These tax credits are only for new hires. They may not be claimed on previous employees, relatives or on wages federally subsidized by the on-the-job training programs.

---

### **How do I apply?**

The **IRS Form 8850 - Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits** (*found in this packet or download from [www.deed.state.mn.us/wotc](http://www.deed.state.mn.us/wotc)*) must be completed. The jobseeker must complete the front side and you, the employer, must complete the back side of the form.

The **U.S. Department of Labor ETA Form 9061 - Individual Characteristics Form/Work Opportunity Tax Credit** (*found in this packet or download from [www.deed.state.mn.us/wotc](http://www.deed.state.mn.us/wotc)*) must be completed. The hired individual or you must complete this form.

---

**- 21 Days -**

Mail the **IRS Form 8850** and **ETA Form 9061** together to the Minnesota Department of Employment and Economic Development. Don't delay in mailing the forms. **The IRS Form 8850 must be postmarked within 21 days of the job start date. The IRS requires original signatures; therefore, no faxes or photocopies of the forms are allowed.** You can mail the documentation (see page 4) at a later date.

## What are the target groups for WOTC and WtW?

**Minnesota Family Investment Program (AFDC/MFIP)** - A member of a family that has received AFDC/MFIP for any nine of the last 18 months from the date of hire.

**Veteran** - A veteran who is a member of a family that received food stamps for at least three consecutive months within the last 15 months from the date of hire.

**Ex-Felon** - A person who was convicted of a felony or released from prison within the last year and with a total family income less than 70 percent of the lower living standard.

**High-Risk Youth** - An 18 but not yet 25 year-old living in an Empowerment Zone/Enterprise Community. Minnesota has only two zones/communities - St. Paul and Minneapolis. (See page 4.)

**Vocational Rehabilitation Client** - A disabled person who is currently or has within 24 months prior to the hire date received rehabilitation services from an agency funded under the Rehabilitation Act of 1973 or Chapter 31 of Title 38 of the U.S. Code.

**Summer Youth** - A 16 but not yet 18 year-old living in an Empowerment Zone/Enterprise Community hired from May 1 - September 15. Minnesota has only two zones/communities - St. Paul and Minneapolis. (See page 4.)

**Food Stamps** - An 18 but not yet 25 year-old member of a family that received food stamps for the last six months from the date of hire; **or**, an 18 but not yet 25 year-old who is an able-bodied adult without dependents, who stops being eligible for food stamps because of the failure to meet the work requirements of the Food Stamp Act.

**Supplemental Security Income (SSI)** - A person who received SSI for any month ending within the last 60 days from the date of hire.

**WtW** - A member of a family that received AFDC/MFIP for 18 consecutive months ending on the individual's hire date, **or** a member of a family that received AFDC/MFIP for any 18 months after August 5, 1997; they are eligible for 24 months after the 18 months of payments ended; **or** a person who stopped being eligible for AFDC/MFIP payments after August 5, 1997, because federal or state law limited the maximum time those payments could be made. The individual must be hired within two years from the date the AFDC/MFIP payments ended.

---

## How do I find applicants in the targeted groups?

Advertise your job openings on Minnesota's Job Bank [www.deed.state.mn.us](http://www.deed.state.mn.us). After you register as an employer, you can see resumes of jobseekers and post your job openings. When posting your job openings, you may want to include the statement "WOTC and WtW targeted group members are encouraged to apply." This sentence informs applicants and Minnesota WorkForce Center staff that your business is interested in hiring persons who qualify for the WOTC or WtW Tax Credit Program.

**Because the Minnesota WorkForce Centers do not discriminate in favor of or against any group, you may also get qualified applicants who are not in any of the WOTC or WtW targeted groups.**

## What are Empowerment Zones/Enterprise Communities (EZ/EC)?

An EZ/EC is a portion of an urban area that has a revitalization plan and is designated an EZ/EC by the U.S. Housing and Urban Development (HUD) agency. There are only two designated EZ/EC in Minnesota - one in Minneapolis and one in St. Paul.

EZ/EC are defined by census tract. The ZIP Codes listed are approximations of the EZ/EC areas. You can check the EZ/EC areas on the HUD website, [hud.esri.com/egis](http://hud.esri.com/egis). Enter addresses as 123 Main Street *South* instead of 123 *South* Main Street.

The **Minneapolis** enterprise community is located within the following zip code areas:

**55401, 55403, 55404, 55405, 55406, 55407, 55408, 55411 and 55412.**

The **St. Paul** enterprise community is located within the following zip code areas:

**55101, 55102, 55103, 55104, 55106, 55107, 55109, 55117 and 55119.**

---

## What kind of documentation do I need to provide?

**Minnesota Family Investment Program AFDC/MFIP** - None needed. DEED will electronically verify AFDC/MFIP eligibility.

**Veteran** - Copy of DD214.

**Ex-Felon** - Name and phone number of probation/parole officer.

**High-Risk Youth** - Proof of age (18-24) and residence (Empowerment Zone/Enterprise Community).

**Vocational Rehabilitation Client** - Name and phone number of the State, Veterans Administration or Ticket-to-Work Program rehabilitation counselor.

**Summer Youth** - Proof of age (16-17) and residence (Empowerment Zone/Enterprise Community).

**Food Stamps** - Proof of age (18-24). DEED will electronically verify Food Stamp eligibility.

**Supplemental Security Income (SSI)** - Proof of SSI (3rd party verification - usually available from the Social Security office).

**Welfare-to-Work** - None needed. DEED will electronically verify WtW eligibility.

Examples of **proof of age** include - birth certificate, driver's license, federal, state or local government ID. Examples of **proof of residence** include - driver's license, copy of current W-4, utility bills, lease documents.

---

## The applicant has been certified - now what do I do?

Your tax consultant can assist you with filling out the required IRS forms. The forms needed to claim your tax credit are the **IRS 5884 - Work Opportunity Tax Credit** and **IRS Form 8861 - Welfare-to-Work Tax Credit**. Both forms are available from the IRS website [www.irs.ustreas.gov](http://www.irs.ustreas.gov)

# Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

▶ See separate instructions.

**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 \_\_\_\_\_

Telephone number ( ) - \_\_\_\_\_

If you are under age 25, enter your date of birth (month, day, year) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

## Work Opportunity Credit

- 1  Check here if you received a conditional certification from the state employment security agency (SESA) 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 last 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
  - I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
  - I am at least age 18 but **not** age 25 or older and I am a member of a family that:
    - a Received food stamps for the last 6 months **or**
    - b Received food stamps for at least 3 of the last 5 months, **but** is no longer eligible to receive them.
  - Within the past year, I was convicted of a felony or released from prison for a felony **and** during the last 6 months I was a member of a low-income family.
  - I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

## Welfare-to-Work Credit

- 3  Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.
- 4  Check here if you are a member of a family that:
- Received TANF payments for at least the last 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 within the last 2 years, **or**
  - Stopped being eligible for TANF payments within the last 2 years because Federal or state law limited the maximum time those payments could be made.

## All Applicants

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 I completed 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 or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

Employer's signature ▶ \_\_\_\_\_ Title \_\_\_\_\_ Date / /

Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code. Section 51(d)(12) 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 and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family assistance recipient. 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 SESA, and to cities, states, and the District of Columbia for use in administering their tax laws. In addition, we may disclose this information to Federal, state, or local agencies that investigate or respond to acts or threats of terrorism or participate in intelligence or counterintelligence activities concerning 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 . . . . . 2 hr., 46 min. Learning about the law or the form . . . . . 36 min. Preparing and sending this form to the SESA . . . . . 36 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 Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

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



1. CONTROL NO. _____ (For Agency Use Only)	<b>Individual Information</b> (Instructions on the back.)	OMB Control No. 1205-0371
2. DATE RECEIVED (For Agency Use Only)	3. EMPLOYER TAX EIN NO.  --	4. EMPLOYER PHONE NUMBER
4a. EMPLOYER NAME AND ADDRESS	5. Has employee ever worked for this employer before?  Yes _____ No _____	6. Job Start Date _____  Starting Wage \$ _____ Per Hour  _____ Position
7. Name of Individual (Last, First, Middle)	8. SOCIAL SECURITY NUMBER	

The above named individual is determined as having the following characteristics for WOTC Target Group Certification:

9. Is age between 16 - 25?  Yes _____ No _____  If YES, indicate date of birth below.  ____ / ____ / ____ Month Day Year	10. Is a <b>veteran</b> and a member of a family that received <b>Food Stamps</b> for a period of at least 3 months in the last 15 months?  Yes _____ No _____  If YES, attach a copy of DD214 and see Box 17.	11. Is a member of a family that received <b>AFDC/MFIP benefits</b> for a period of at least 9 months in the last 18 months?  Yes _____ No _____  If YES, see Box 17.
12. Is a member of a family that:  received <b>Food Stamps</b> for the last 6 months?  Yes _____ No _____  <b>OR</b>  received <b>Food Stamps</b> for at least a consecutive 3-month period within the last 5 months, BUT is no longer receiving them?  Yes _____ No _____  If YES to either, attach proof of age and see Box 17.	13. In the past year has been <u>convicted</u> of a felony or <u>released</u> from prison after a felony conviction.  Yes _____ No _____  If NO, skip to Box 14.  Name & Phone of Probation/Parole Officer:  _____ _____  Date of Conviction _____  Date of Release _____  Total income for past 6 months for all family members living in the same household:  \$ _____ (If no income, enter 0)  Number of family members living in the same household for the past 6 months (including self):  _____	14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community.  Yes _____ No _____  If YES, include proof of age and residence.  16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.  Yes _____ No _____  If YES, include proof of SSI.
15. Is receiving or has received Rehabilitation Services through a <b>State Rehabilitation Services</b> program, the <b>Veterans' Administration</b> or <b>Ticket-to-Work</b> program?  Yes _____ No _____  If YES, give name and telephone number of the State, Veterans' Administration or Ticket-to-Work rehabilitation counselor.  _____ _____	17. If employee or the primary recipient of benefits received them in another state, provide the following:  _____ <b>Name of Primary Recipient</b>  _____ <b>Social Security Number of Primary Recipient</b>  _____ <b>City/State of Benefits</b>	

This section is to be completed by individuals starting work after December 31, 1997, under the Welfare-to-Work Tax Credit only.

18. Is a member of a family that:	
• Has received AFDC or TANF payments for at least the <u>last</u> 18 consecutive months	Yes _____ No _____
• Has received AFDC or TANF payments for <u>any</u> 18 months starting <u>after</u> August 5, 1997	Yes _____ No _____
• Stopped being eligible for AFDC or TANF payments <u>after</u> August 5, 1997, because Federal or state law limited the maximum time such assistance is payable.	Yes _____ No _____
19. Sources used to document eligibility.	
20. SIGNATURE	21. DATE

**INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061  
WORK OPPORTUNITY TAX CREDIT (WOTC) AND WELFARE-TO-WORK TAX CREDIT.**

This form is used in conjunction with IRS Form 8850 to determine eligibility for the Work Opportunity Tax Credit (WOTC) and/or Welfare-to-Work Tax Credit programs. The form may be completed by the applicant, the employer or employer agent, the SWA or the participating agency and signed by the person or agency filling out this form.

**Note:** This form is required to be used, without modification by all employers or third parties serving under contract as an agent or representative of the employer.

- Box 1      **Control number** (for agency use only). The SWA or participating agency determines the Control Number. It may be a Social Security number, case number, or other appropriate designation which permits easy filing, identification and retrieval of forms.
- Box 2      **Date** (for agency use only). Enter the month, day, and year when the form is received.
- Box 3      **Employer tax EIN**. Enter employer's federal taxpayer identification number.
- Box 4 and 4a      **Employer phone number and name/address**. Enter the name and address including zip code and telephone number of the employer applying for a WOTC Employer Certification.
- Box 5      **Previous employment with this employer**. This requires a Yes or No answer. Enter a check mark (X) in the blank that corresponds to your answer.
- Box 6      **Employment start date/wage/position or title**. Enter the employment start date, the starting hourly wage which the employee will be paid. If not known, enter an estimated wage to be paid. Also, enter the job or position title, which the individual or prospective employee will be performing for this employer.
- Box 7      **Name of individual**. Enter full name of individual or prospective employee.
- Box 8      **Social security number**. Enter individual's social security number here.
- Boxes 9 through 18      **Read each box carefully**. Enter a check mark (X) to indicate if your answer is Yes or No. Provide additional information where requested for either the WOTC or the Welfare-to-Work target group eligibility.
- Box 19      **Sources to document eligibility**. List and/or describe the documentary evidence or sources of collateral contacts that are attached to this form (ICF) or that will be provided. Indicate in parentheses, next to each document listed, whether it is attached or forthcoming. Employers may obtain a letter from the agency which administers a relevant program, stating that the employee or a member of his/her household meets one of the eligibility requirements.
- Box 20      **Signature**. If applicant completes this form he or she must enter signature here. If applicant is a minor (under age 18), the parent or guardian should sign this box. If this form is completed by the employer or his/her agent, enter corresponding signature here. If this form was completed by the intake staff of a SWA or participating agency, enter signature of intake staff in this box.
- Box 21      **Date**. Enter the month, day, and year in which the form is completed.