Calculate WOTC

The amount of the tax credit is based on a percentage of qualified wages paid to the new employee for the first year of employment only. Generally, qualified wages are capped at $6,000. The credit is 25% of qualified first year wages for those employed 400 hours or more. For most target groups, WOTC can be up to $2,400.

FOR LONG-TERM TANF RECIPIENTS, WOTC can be up to $9,000, with qualified wages capped at $10,000 for a combined two year period.

FOR SERVICE CONNECTED DISABLED VETERANS, WOTC can be up to $4,800 with qualified wages capped at $12,000.

FOR SERVICE CONNECTED DISABLED VETERANS unemployed for six months, wages are capped at $24,000 and the credit is up to $9,600.

FOR VETERANS unemployed for at least six months, wages are capped at $14,000 and the credit is up to $6,000.

Apply for WOTC

Employers must apply for and receive a certification verifying the new hire is a member of a target group before they can claim their tax credit.

1. Complete page 1 of IRS Form 8850, Pre-Screening Notice and Certification Request for WOTC, by the date of the job offer; and page two after the individual is hired.
2. Complete the U.S. Department of Labor ETA Form 9061, Individual Characteristics Form.
3. Mail the signed and dated IRS and ETA forms with the original signatures within 28 days after the new hire's start date to the address below.

Colorado Department of Labor & Employment
Workforce Programs/WOTC
633 17th Street, Suite 700
Denver, CO 80202

OR submit your applications online. The online submission process eliminates costly and cumbersome mailing criteria.

For additional information
Contact any workforce center or visit:
colorado.gov/cdle/taxcredits

A tax reduction for employers!
How employers can earn a federal income tax credit by hiring American workers.
THE WORK OPPORTUNITY TAX CREDIT

WOTC reduces an employer’s cost of doing business because:
• Employers make the hiring decision.
• There is no limit to the number of new hires who can qualify the employer for the tax savings.
• There is minimal paperwork needed to claim WOTC.

What’s New?
The legislative authority for the WOTC program’s non-veteran groups and Empowerment Zones (EZ) expired on December 31, 2011. Expiration of EZs eliminates Summer Youth as a target group.

The Veteran group was modified and expanded by the Vow to Hire Heroes Act of 2011. For Unemployed Veterans, new hires must begin work on or after November 22, 2011 and before January 1, 2013.

What New Hires Can Qualify Employers for WOTC?
WOTC applies to new hires who began work after January 1, 2006 belonging to any of the following eight WOTC target groups.

VETERANS A veteran who is a member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps) for at least a three month period during the 15 month period ending on the hiring date -OR- entitled to compensation for a service-connected disability hired within one year of discharge from active duty -OR- entitled to compensation for a service-connected disability unemployed for a period totaling at least six months of the year ending on the hiring date -OR- unemployed for at least four weeks (but less than six months) in the year ending on the hiring date -OR- unemployed for at least six months in the year ending on the hiring date.

FOOD STAMP RECIPIENTS A member of a family who is 18 to 39 years of age that received SNAP benefits (food stamps) for either the six month period ending on the hiring date -OR- for at least three of the five months ending on the hiring date in the case of a family member who ceased to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.

EX-FELONS An individual convicted of a felony and hired within one year after the date of the conviction or release from prison.

SSI RECIPIENTS An individual who received Supplemental Security Income benefits for any month ending during the past 60 day period ending on the hiring date.

VOCATIONAL REHABILITATION REFERRALS A person with a disability referred to the employer upon completion of or while receiving rehabilitative services from a state certified agency, an Employment Network under the Ticket-to-Work Program, or the U.S. Department of Veteran Affairs.

LONG-TERM TANF RECIPIENTS A member of a family that received Temporary Assistance for Needy Families (TANF) payments for at least 18 consecutive months ending on the hiring date -OR- received TANF payments for any 18 months beginning after August 5, 1997, and the earliest 18 month period ended during the past two years prior to the hiring date -OR- stopped being eligible for TANF payments because federal or state law limited the maximum time those payments could be made, and the individual is hired not more than two years after such eligibility ended.

SHORT-TERM TANF RECIPIENTS A family that received TANF payments for any nine months during the 18 month period ending on the hiring date.

DESIGNATED COMMUNITY RESIDENTS An individual who lives in a Rural Renewal County. Note: Renewal Communities expired December 2010 and Empowerment Zones expired December 31, 2011.

Some employees DO NOT qualify for WOTC
• RELATIVES or DEPENDENTS
• MAJORITY OWNERS of the employer
• FORMER EMPLOYEES

For More Information
Contact a Colorado WOTC representative:
Call: 303 318-8845 or 303 318-8016
Email: wotc@state.co.us