

Department of Workforce Development

Work Opportunity Tax Credit Program



Purpose:

To provide a federal income tax credit to businesses for hiring from eight targeted groups with barriers to employment.

How The Program Works:

The Division of Workforce Development administers the program in the State of Missouri. Qualifying new hires must be one of the following target groups:

- Short-term Welfare recipients
- 18-24 year-old Food Stamp recipients
- Veterans receiving Food Stamps
- Vocational Rehabilitation referrals
- 18-24 year-old Empowerment Zone or Enterprise Community residents
- 16-17 year-old Empowerment Zone or Enterprise Community residents hired as Summer Youth Employees
- Ex-Felons who are members of a low-income family
- Supplemental Security Income recipients

Eligible Areas:

Any private, for profit business statewide

Eligible Applicants:

For all target groups, with the exception of the Summer youth employee group, the tax credit is calculated at 40% of the first \$6,000 of the first year's wages (for a maximum credit of \$2,400) if 400 hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is calculated at 25% of the first \$6,000 of wages (for a maximum credit of \$1,500). The credit for Summer youth employees is calculated at 40% of the first \$3,000 of the year's wages (for a maximum credit of \$1,200) if 400 hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is 25% of the first \$3,000 of wages (for a maximum credit of \$750).

Application Procedure/Approval Method:

A business will submit Form 8850, "Pre-Screening Notice and Certification Request" to DWD no more than 21 days after the employee's first day of work. The business will also submit Form 9061, "Individual Characteristic" or Form 9062, "Conditional Certification" which may be submitted at the same time as the Form 8850 or at a later date. DWD will review the Forms 8850 and 9061/9062 to determine the eligibility of the new hire. A certification or denial for the tax credit will be issued by DWD.

Eligible Use Of Tax Credits:

The tax credits may be used to offset federal income tax liability of the business. Unused credit may be carried back one year and carried forward 20 years.

Funding Limits:

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year.

Who to Contact:

For more information or to obtain forms contact the Division of Workforce Development at 800/877-8698 or 573/522-9581.

Forms may also be accessed by visiting the U.S. Department Of Labor's website at <http://www.uses.doleta.gov/wotcdata.cfm>

Department of Workforce Development

Welfare-to-Work Tax Credit Program

Purpose:

To provide a federal income tax credit to businesses for hiring long term temporary assistance for needy families (TANF) recipients.

How the Program Works:

The Division of Workforce Development administers the program in the State of Missouri. Qualifying new hires are those certified by the Missouri Division of Workforce Development (DWD) as a member of the long- term Welfare recipient target group defined as a member of a family that:

Received AFDC/TANF (Welfare) for the last 18 consecutive months ending on the hiring date, OR

Received AFDC/TANF for any 18 months since August 5, 1997 and is hired within 2 years after the earliest 18-month period, OR

Stopped being eligible for AFDC/TANF because the 60-month lifetime limit was reached and is hired within 2 years of the eligibility expiration date

Eligible Areas:

Any private, for profit business statewide

Eligible Applicants:

The employee must work at least 400 hours or 180 days to claim the tax credit. The credit is equal to 5% of the first \$10,000 of the first year's wages (for a maximum credit of \$3,500) and 50% of the first \$10,000 of the second year's wages (for a maximum credit of \$5,000). The maximum amount of credit for the 2 years combined is \$8,500.

Application Procedure/Approval Method:

A business will submit Form 8850, "Pre-Screening Notice and Certification Request" to DWD no more than 21 days after the employee's first day of work. The business will also submit Form 9061, "Individual Characteristic" or Form 9062, "Conditional Certification" which may be submitted at the same time as the Form 8850 or at a later date. DWD will review the Forms 8850 and 9061/9062 to determine the eligibility of the new hire. A certification or denial for the tax credit will be issued by DWD

Eligible Use of Tax Credits:

The tax credits may be used to offset federal income tax liability of the business. Unused credit may be carried back one year and carried forward 20 years.

Funding Limits:

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year

Who to Contact:

For more information or to obtain forms contact the Division of Workforce Development at 800/877-8698 or 573/522-9581.

Forms may also be accessed by visiting the U.S. Department Of Labor's website at <http://www.uses.doleta.gov/wtw.cfm>