

# Employer Information

## Work Opportunity Tax Credit



**Texas Workforce Commission**  
Member of the Texas Workforce Network



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# Tax Incentives for Texas Employers

The Texas Workforce Commission offers Texas employers two tax incentives for hiring targeted harder-to-place workers. To offset the additional attention or accommodations necessary to employ these workers, employers may qualify for federal tax credits up to \$9,000 and state tax refunds of up to \$2,000 per employee.

The **Work Opportunity Tax Credit (WOTC)** is a federal tax credit that reduces the federal tax liability of private employers who hire from nine targeted groups. Qualified applicants who began work before September 1, 2011, can earn Texas employers up to \$2,400 if they are certified for any of the first 8 of the 9 targeted groups.

## **Nine Targeted Groups:**

- Qualified Temporary Assistance to Needy Families Recipients (TANF)
- Qualified Veterans/Disabled Veterans
- Qualified Ex-Felons
- Qualified Designated Community Residents (DCR) residing in an Empowerment Zone (EZ), Renewal Community (RC), or in a Rural Renewal County (RRC)
- Qualified Vocational Rehabilitation Agency Referrals
- Qualified Summer Youth (SY)
- Qualified Food Stamp Recipients (FS)
- Qualified Supplemental Security Income Recipients (SSI)
- Qualified Long – Term Family Assistance Recipients. (LTFAR)

**Please note: To obtain tax credits, employers file IRS Form 8850, which must be postmarked within 28 days of the applicant’s start date. See the back of this booklet for a copy of IRS Form 8850.**

**Disabled Veterans** who began work after May 25, 2007 and before September 1, 2011, can earn Texas employers up to \$4,800 if they:

- Are entitled to compensation for a service-connected disability of at least 10% incurred after September 10, 2001, and
- Have a hiring date which is not more than 1 year after having been discharged or released from active duty in the Armed Forces of the United States, or
- Have aggregate periods of unemployment during the 1 year period ending on the hiring date which equal or exceed 6 months.

**Long-Term Family Assistance Recipients** who began work after December 31, 2006 and before September 1, 2011, can earn Texas employers up to \$9,000 if they are a member of a family:

- That received TANF for at least 18 **consecutive** months before the hire date; or
- Whose TANF eligibility under federal or state law expired after August 5, 1997 (for applicants hired within two years after their eligibility expired); or
- That received TANF for at least 18 months, beginning after August 5, 1997, and is hired not more than two years after that 18-month period.

Employers who hire welfare recipients, and provide and pay part of their major medical insurance costs, can receive the **State of Texas Tax Refund**. An employer may qualify for the state tax refund if the employer:

- pays certain taxes (state sales and use, franchise, boat and boat motor, inheritance and/or Public Utility Commission gross receipts, hotel and/or manufactured housing) to the Texas Comptroller of Public Accounts; **and**
- pays wages during the first year of employment to a Texas resident who received TANF or **Medicaid** benefits within six months of the employee's start date; **and**
- provides and pays part of a qualifying employee's HMO health plan costs, self-funded or self-insured plan, or other approved health plan. Note: An employer who requests a refund for wages paid must provide the same insurance coverage to that employee as the employer provides to other employees.

Employers can recover up to 20 percent of \$10,000 in wages paid during the first year of employment, **a refund of up to \$2,000 per employee**. For more information about the State Tax Refund go to <http://www.twc.state.tx.us/svcs/wotc/tanf.html>

**If you have questions about these tax credits, please call the Texas Workforce Commission's Work Opportunity Tax Credit Unit at 1-800-695-6879.**

\*You also may access IRS Form 8850 at <http://www.irs.gov> or 1-800-829-3676. The Internal Revenue Service publishes information on filing for the WOTC tax credit in its General Business Credit publication. For more information see IRS Forms 3800, 5884, and 8861.

## Additional Tax Saving for Texas Employers

### **Franchise Tax Credits for Child-Care**

The legislature created two franchise tax credits related to day care and after-school-care programs. Eligible corporations may take advantage of these credits for qualifying expenditures made in Texas on or after January 1, 2000. These credits are administrated by the Texas Comptroller of Public Accounts, which may be contacted at 1-800-252-1381.

### **Dependent Care Assistance**

An employer may earn a fringe benefit for providing dependent care services either paid (directly or indirectly), or provided to an employee under a dependent care assistance program that covers only your employees. For more information on the dependent care assistance fringe benefits review IRS Publication 15-B or contact the IRS at 1-800-829-1040.

### **Transportation (Commuting) Benefits**

This fringe benefit applies to the following: 1) A ride in a commuter highway vehicle between the employee's home and workplace. 2) A transit pass. 3) Qualified parking. The fringe benefit applies whether you provide one or a combination of these benefits to your employees. The IRS administers the qualified transportation benefits and can be reached at 1-800-829-1040. Details on the benefits are covered in IRS Publication 15-B.

**Social Security Administration's 'Ticket to Work' Program:**

[For recipients of Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI)]. The program is designed for SSA beneficiaries with a disability who want to work. They may choose vocational, employment, or other support services from SSA approved providers. Eligible ticket holders under the 'Ticket to Work' Program may qualify for the WOTC program. WOTC certification requests for 'Ticket holders' are processed under either the Vocational Rehabilitation Referral or Supplemental Security Income (SSI) recipient target groups. For more information visit Social Security Online at <http://www.ssa.gov/work/Employers/taxcredit.html> or contact the WOTC unit at: 800-695-6879.

**Small Business Tax Credit: IRS Code Section 44, Disabled Access Credit.**

Small Business may take an annual tax credit for making their businesses accessible to persons with disabilities and for accommodating special needs of employees and customers with disabilities. (Maximum tax credit = \$5,000. per year) For more information visit: <http://www.dol.gov>

**Architectural/Transportation Tax Deduction: IRS Code Section 190, Barrier Removal.**

Businesses may take an annual deduction for expenses incurred to remove physical, structural, and transportation barriers for persons with disabilities. (Maximum tax deduction = \$15,000. per year) For more information contact the Department Of Labor at 1-866-4-USA-DOL.

## Resources: Telephone Numbers, Websites, Downloadable Forms

- Texas Workforce Commission:** <http://www.twc.state.tx.us>  
or <http://www.texasworkforce.org>
- Work Opportunity Tax Credit:** <http://www.twc.state.tx.us/svcs/wotc/wotc.html>  
or 1-800-695-6879
- Internal Revenue Service:** <http://www.ustreas.gov> or <http://www.irs.gov>
- IRS Form 8850:** <http://irs.gov/pub/irs-pdf/f8850.pdf>  
or 1-800-829-3676 or 1-800-695-6879
- State Tax Refund:** <http://www.twc.state.tx.us/svcs/wotc/tanf.html>  
or 1-800-695-6879
- TWC Form 1098:** <http://window.state.tx.us/taxinfo/taxforms/89-100.pdf>
- Department of Labor:** <http://www.dol.gov>
- ETA Form 9061:** <http://www.doleta.gov/business/incentives/opptax/>  
or 1-800-695-6879
- Social Security Administration:** <http://www.ssa.gov/work/Employers/taxcredit.html>
- Housing and Urban Development:** <http://egis.hud.gov>

# WOTC Qualification by Target Group

## Work Opportunity Tax Credit Definitions

Applicant Target Groups	Qualifications	Documentation
Qualified TANF Recipients	The applicant received TANF benefits for any nine of the last 18 months.	WOTC staff will verify eligibility
Qualified Veterans	The applicant is a veteran who served at least 180 days of active duty, has not been on active duty during the 90 days after the hire date <b>and</b> has received food stamps at least three <b>consecutive</b> months within the last 15 months.	Military Discharge Papers (DD214), food stamps will be verified by WOTC staff.
Qualified Disabled Veterans Subgroup	Applicant has a service connected disability of at least 10% incurred after September 10, 2001 and has a hiring date no more than 1 year after being discharged or released from active duty, or has at least 6 months of unemployment during the 1 year period ending on the hiring date.	Military Discharge Papers (DD214) and documentation verifying service connected disability status.
Qualified Ex-felons	The applicant has been convicted of a felony <b>or</b> released from prison for a felony in the past year.	Documentation that shows felony conviction and/or felony release dates. These may be obtained from correctional institution records, court records, etc.
Qualified Designated Community Residents living within an empowerment zone, renewal community, or Rural Renewal Community	The applicant is between ages 18 and 39 on hiring date and lives within an empowerment zone, renewal community, or Rural Renewal Community (EZ/RC/RRC). The chart on page 5 lists EZ/RC/RRC areas in Texas.	Documentation of age and proof of residence are required. A copy of a birth certificate or driver's license may document age. A current utility bill, telephone bill or driver's license is necessary to prove address of residence.
Qualified Vocational Rehabilitation Referrals	The applicant was referred by a rehabilitation agency, or an employment network approved by the State of Texas or the Department of Veterans Affairs.	Documentation must show the applicant is, or has been receiving services and has an Individualized Written Rehabilitation Plan through a state rehabilitation agency or a Veterans Administration vocational.
Qualified Summer Youth	The applicant performs services for the employer between May 1 and September 15, is 16 or 17 years old on hiring date, has not been employed by the same employer before the 90 days (summer period) between May 1 and September 15, and lives in the EZ/RC.	Documentation of age and proof of residence are required. A birth certificate or driver's license copy may document age. A current utility bill, telephone bill or driver's license is necessary to prove address of residence.
Qualified Food Stamp Recipients	The applicant is between 18 and 39 on hiring date, and is a member of a family that received food stamps for the last six months; or is an able-bodied adult without dependents who received food stamps at least three of the last five months and is no longer receiving food stamp benefits.	Documentation of age and food stamp benefit history is required. A copy of a birth certificate or driver's license is sufficient to determine age. WOTC staff will verify food stamps.
Qualified Supplemental Security Income Recipients	The applicant must have received supplemental security income for any month during the 60 days prior to hiring date.	Supplemental security income records are required for documentation. These records can be obtained through the Social Security Administration.
Qualified Long-Term Family Assistance Recipients	A member of a family that received <b>TANF</b> benefits for at least 18 ' <b>Consecutive</b> ' months ending on the hiring date, <b>or</b> received any 18 months beginning Sept. '97 with the 18 <sup>th</sup> month payment falling with in 2 years of hiring date, <b>or</b> whose eligibility expired under a Federal or State law within 2 years of hiring date.	Benefit Record from Department of Assistive and Rehabilitative Services. Verified by WOTC staff.

# Texas Empowerment Zones (EZ), Renewal Communities, (RC) and Rural Renewal Communities (RRC)

<p><b>*Empowerment Zones (EZ)</b></p>	<p><b>El Paso, Texas</b>  <b>San Antonio, Texas</b>  <b>Middle Rio Grande</b> – Futuro Communities          (parts of Dimmit, Maverick, Uvalde, and Zavala Counties)  <b>Rio Grande Valley</b>          (parts of Cameron, Hidalgo, Starr, and Willacy Counties)</p>
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<p><b>*Renewal Communities (RC)</b></p>	<p><b>Corpus Christi, Texas</b>  <b>El Paso County, Texas</b>          (parts of Clint, El Paso, Fabens, San Elizario, and Socorro)</p>
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<p><b>*Rural Renewal Communities (RRC)</b></p>	<p>Andrews, Bailey, Baylor, Borden, Briscoe, Brooks, Castro, Cochran, Coleman, Collingsworth, Cottle, Crane, Culberson, Deaf Smith, Dimmit, Eastland, Fisher, Floyd, Foard, Gray, Hall, Hardeman, Haskell, Hemphill, Hockley, Hutchinson, Kenedy, Kent, Knox, Lamb, Martin, McCulloch, Morris, Nolan, Oldham, Reagan, Reeves, Refugio, Roberts, Scurry, Stonewall, Terrell, Terry, Upton, Ward, Wheeler, Wilbarger, Winkler, Yoakum, and Zavala.</p>
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\*Not all address in each city and/or county is applicable.

# How To Calculate The Credit

## **WOTC is a Two-Tiered System Based on Retention:**

### **Tier 1 Employee works 120 hours to 399 hours.**

Credit is equal to 25% of qualified first year wages.

Qualified first year wages are capped at \$6,000.

Maximum Credit: \$1,500

Applies to all WOTC target groups except the New Disabled Veteran Subgroup; and Summer Youth.

Summer Youth wages are capped at \$3,000 with a Maximum Credit \$750.

See below for the New Disabled Veteran Subgroup.

### **Tier 2 Employee works 400 hours or more.**

Credit is equal to 40% of qualified first year wages.

Qualified first year wages are capped at \$6,000.

Maximum Credit: \$2,400

Applies to all WOTC targeted groups except the New Disabled Veteran Subgroup; Summer Youth; and LTFA.

Summer Youth wages are capped at \$3,000 with Maximum Credit \$1,200.

See below for the New Disabled Veteran Subgroup and Long-Term Family Assistance Recipient.

### **Tier 1 New Disabled Veteran Subgroup (works 120 hours to 399 hours.)**

Credit is equal to 25% of qualified first year wages.

Qualified first year wages are capped at \$12,000.

Maximum Credit: \$3,000

### **Tier 2 New Disabled Veteran Subgroup (works 400 hours or more.)**

Credit is equal to 40% of qualified first year wages.

Qualified first year wages are capped at \$12,000.

Maximum Credit: \$4,800

### **Long-Term Family Assistance Recipient**

Maximum Credit over the 2 years is \$9,000 with a Retention period = 400 hours.

First Year Tax Credit equal to 40% of qualified first year wages.

Qualified first year wages are capped at \$10,000.

Maximum Credit = \$4,000.

Second Year Tax Credit equal to 50% of qualified second year wages.

Qualified second year wages are capped at \$10,000.

Maximum Credit = \$5,000.

# Instructions for Completing IRS Form 8850

This form must be used for the Work Opportunity Tax Credit Program. Both sections must be completed.

## **Job Applicant Information Work Opportunity Tax Credit**

- Name: Complete with the name of the applicant/potential employee.
- Social Security Number: Enter the social security number of the applicant/potential employee
- Address: Physical home address of applicant/potential employee.
- City/State/Zip: Self-explanatory.
- Date of Birth: Only required if applicant is under age 40.
- Telephone Number: Self-explanatory.
- Question #1: Self-explanatory.
- Question #2: If job applicant received a conditional certification from an authorized agency or a Texas Workforce Center, check the block; skip question #3; Job applicant signs and dates the IRS Form 8850.
- Question #3-4: If applicant does not have conditional certification, check Questions #3-4 if any statements apply to you. Job applicant signs and dates the IRS Form 8850.
- Applicant's Signature: This must be an original signature by the applicant/potential employee.

## **Job Applicant Information Long-Term Family Assistance Recipient**

- Complete all information on the top third of the page.
- Question #5 if the applicant/potential employee meets any of the requirements as a Long-Term Family Assistance Recipient, check question #5 and have the job applicant sign and date.
- Applicant's Signature: This must be an original signature.

## **Employer Use Only**

- Employer name and telephone number: This should reflect the business name & business telephone number.
- Employer Identification Number (EIN): **This is your federal employer tax number.**
- Street Address and City/State/ZIP: Reflect business address information.
- Person to Contact/Telephone/Address/City/State: To be completed if a third party is the designated point of contact, or if Certification is to be mailed to a different address, i.e. a corporate headquarters.
- Gave information date: Date the applicant received information regarding position.
- Was offered job date: Date the job offer was made.
- Was hired date: The date of actual hire.
- Started job date: The date the employee physically starts to work. **Note: IRS Form 8850 must be postmarked within 28 days of the start date.**
- Signature: The signature of the employer or third party consultant must be **original**.

## Pre-Screening Notice and Certification Request for the Work Opportunity Credit

OMB No. 1545-1500

▶ See separate instructions.

**Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.**

Your name Applicant's Name Social security number ▶ 123 45 6789

Street address where you live Applicant's physical residence address

City or town, state, and ZIP code Applicant's City, State, and Zip code

Telephone number ( 777 ) 123 - 4567

If you are under age 40, enter your date of birth (month, day, year) mm / dd / yy

- 1  Check here if you are completing this form **before August 28, 2007**, and you lived in the area impacted by Hurricane Katrina on August 28, 2005. If so, please enter the address, including county or parish and state where you lived at that time.  
\_\_\_\_\_
- 2  Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.
- 3  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 past 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period during the past 15 months.
  - I was referred here by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.
  - I am at least age 18 but **not** age 40 or older and I am a member of a family that:
    - a Received food stamps for the past 6 months, or
    - b Received food stamps for at least 3 of the past 5 months, **but** is no longer eligible to receive them.
  - During the past year, I was convicted of a felony or released from prison for a felony.
  - I received supplemental security income (SSI) benefits for any month ending during the past 60 days.
- 4  Check here if you are a veteran entitled to compensation for a service-connected disability **and**, during the past year, you were:
  - Discharged or released from active duty in the U.S. Armed Forces, or
  - Unemployed for a period or periods totaling at least 6 months.
- 5  Check here if you are a member of a family that:
  - Received TANF payments for at least the past 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 during the past 2 years, **or**
  - Stopped being eligible for TANF payments during the past 2 years because federal or state law limited the maximum time those payments could be made.

### Signature—All Applicants Must Sign

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 Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 22851L

Form **8850** (Rev. 6-07)

## \*Signature Must Be Original\*

For Employer's Use Only

Employer's name Employer's business name Telephone no. ( 777 ) 123 - 4567 EIN ▶ 99 | 9999999

Street address Employer's business street address

City or town, state, and ZIP code Employer's City, state, and zip code

Person to contact, if different from above Consultant/Contact Name Telephone no. ( 777 ) 123 - 4567

Street address Consultant/Contact street address

City or town, state, and ZIP code Consultant/Contact city, 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 mm / dd / yy Was offered job mm / dd / yy Was hired mm / dd / yy Started job mm / dd / yy

Complete Only If Box 1 on Page 1 is Checked

State and county or parish of job \_\_\_\_\_

Check if the individual was not your employee on August 28, 2005, and this is the first time the employee has been hired by you since August 28, 2005.

Under penalties of perjury, I declare that the applicant 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. I hereby request a certification that the individual is a member of a targeted group.

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

Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code. Section 51(d)(13) 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 in securing employment. Routine uses of this form include giving it to the state workforce agency (SWA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group. 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 SWA, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat 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 . . . . . 5 hrs., 30 min. Learning about the law or the form . . . . . 24 min. Preparing and sending this form to the SWA . . . . . 30 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 Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send this form to this address. Instead, see *When and Where To File* in the separate instructions.

**\*Signature Must Be Original\***

# Instructions for Completing the Individual Characteristic Form (ETA-9061)

The Individual Characteristic Form (ETA 9061) is one of two mandatory forms required for WOTC certification. The following is a step-by-step guide for completing this form.

- Control number: Leave Blank
- Date received: Leave Blank
- Employer name/address: Fill out the name and address of the employer.
- Employer Identification Number (EIN): Fill out the employer's federal tax number.
- Employment Start Date: Enter the applicant's job start date.
- Starting Wage/Position: Enter the applicant's job salary/wage and position/title.
- Have you worked for this employer before? Check Yes or No. Applicant's who have worked for the employer at any time in the past are not eligible for WOTC.
- Name of individual: Enter the applicant's full name.
- Social Security Number: Enter the applicant's 9 digit SSN.
- Answer the next questions with a check mark in either Yes or No as the questions apply to the applicant.
- Primary recipient: If the applicant is not the primary recipient for TANF, FS, or SSI benefits please include the following: name, city/state of benefits, social security number and case number if available of the primary recipient.
- Is a member of a family that: answer each section with a Yes or No.
- Sources to document eligibility: List the sources the employer/consultant used to determine the applicant's eligibility.
- Signature: The person completing this form must be the person who signs it, unless the applicant is under 18. Otherwise, the signature can be that of the applicant, employer, or consultant. The signature may be in pencil, ink, or computer printed.
- Date: Enter the date of the signature.

# SAMPLE

**Individual Characteristics Form  
Work Opportunity Tax Credit**

**U.S. Department of Labor  
Employment & Training Administration**

1. CONTROL NO. (For Agency Use Only)  (Leave Blank)	Individual Information (Instructions on the Back)	OMB No. 1205-0371 Expires 8/31/06  2. DATE RECEIVED (For Agency Use Only)
3. EMPLOYER NAME/ADDRESS:  <b>ABC Plumbing 123 Main St. Anytown, TX 12345</b>	4. EMPLOYER FEDERAL ID NO. <b>74-1234567</b>  6. Have you worked for the above employer before? Yes _____ No _____ If Yes, enter date and year: _____	5. EMPLOYMENT START DATE: Starting Wage: <b>03-31-07</b> \$ <u>10.00</u> per hour  POSITION: <b>Plumber</b>
7. NAME OF INDIVIDUAL (Last, First, Middle): <b>Last Name, First Name</b>		8. SOCIAL SECURITY NUMBER: <b>SSN</b>
9. Is your age between 18 but not yet age 40?  Yes _____ No _____  If YES, indicate your "Date of Birth" below: Date of Birth: _____	10. Is a veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months.  Yes _____ No _____ If YES, also complete Box 17.	11. Is a member of a family that received TANF benefits for any 9 months in the last 18 months.  Yes _____ No _____ If YES, also complete Box 17.
12. Is a member of a family that received Food Stamps for the last 6 months.  Yes _____ No _____, or  for at least a 3-month period within the last 5 months, BUT is no longer receiving them.  Yes _____ No _____  If YES to either, also complete Box 17.	13. In the past year, individual has been convicted of a felony or released from prison after a felony conviction.  Yes _____ No _____  If YES, complete below: Date of Conviction _____ Date of Release _____	14. Lives and plans to continue living in a federal Empowerment Zone, Enterprise Round II or Renewal Community.  Yes _____ No _____  16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.  Yes _____ No _____
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services' program or the Veterans' Administration.  Yes _____ No _____	17. If individual is not a primary recipient of benefits, please provide the following:  _____ Name of Primary Recipient  _____ City/State of Benefits	
18. Is a "ticket holder" under the Ticket to Work Program  Yes _____ No _____	19. The "ticket holder" has an Individual Work Plan (IWP) from an Employment Network (EN).  Yes _____ No _____	

20. Is a member of a family that:

- Has received/receiving TANF payments for at least the last 18 consecutive months; Yes \_\_\_ No \_\_\_ or
- Has received/receiving TANF payments for any 18 months starting after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, and ended within the last 2 years; or Yes \_\_\_ No \_\_\_ or
- Stopped being eligible for TANF payments within the last 2 years because Federal or state law Yes \_\_\_ No \_\_\_

implied the maximum time those payments could be made, and having a filing date not more than 2 years after the date of cessation of TANF benefits.

21. SOURCES USED TO DOCUMENT ELIGIBILITY:

Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below. If applicant is a minor, the parent or guardian should sign this box.

22. SIGNATURE: \_\_\_\_\_ 23. DATE: \_\_\_\_\_  
 Signature of Individual Completing Form Date ICE Completed  
ETA Form 9061 (Rev. Dec. 2005)

**Please check Yes or No for each item as it pertains to the applicant status.**

# Work Opportunity Tax Credit Checklist

To apply for the Work Opportunity Tax Credit complete:

- IRS Form 8850 with original signatures from:
  - Applicant/Employee **and**
  - Employer
- ETA Form 9061 Individual Characteristic (ICF)
- Documents attached to demonstrate eligibility (see page 4 for description of necessary documentation) **or**
- ETA Form 9062 Conditional Certification from TWC or an authorized participating agency.

**Note: The 8850 must be postmarked within 28 days of the start date and have original signatures.**

## State Tax Refund Checklist

To apply for the State Tax Refund complete:

- Form TWC 1098 original signatures required by employee, employer or consultant.
- Power of Attorney. In cases where an employer uses a third party consultant, a power of attorney must be on file with TWC.

**Note: Filing dates are January 1 – March 31 of the year after wages were earned.**

**Mail completed forms to:**  
**Texas Workforce Commission**  
**WOTC Unit**  
**101 East 15<sup>th</sup> Street, Room 332T**  
**Austin, Texas 78778-0001**

## Pre-Screening Notice and Certification Request for the Work Opportunity Credit

OMB No. 1545-1500

▶ 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 40, enter your date of birth (month, day, year) \_\_\_\_/\_\_\_\_/\_\_\_\_

- 1  Check here if you are completing this form **before** August 28, 2007, and you lived in the area impacted by Hurricane Katrina on August 28, 2005. If so, please enter the address, including county or parish and state where you lived at that time.  
\_\_\_\_\_
- 2  Check here if you received a conditional certification from the state workforce agency (SWA) or a participating local agency for the work opportunity credit.
- 3  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 past 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period during the past 15 months.
  - I was referred here by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.
  - I am at least age 18 but not age 40 or older and I am a member of a family that:
    - a Received food stamps for the past 6 months, or
    - b Received food stamps for at least 3 of the past 5 months, but is no longer eligible to receive them.
  - During the past year, I was convicted of a felony or released from prison for a felony.
  - I received supplemental security income (SSI) benefits for any month ending during the past 60 days.
- 4  Check here if you are a veteran entitled to compensation for a service-connected disability and, during the past year, you were:
- Discharged or released from active duty in the U.S. Armed Forces, or
  - Unemployed for a period or periods totaling at least 6 months.
- 5  Check here if you are a member of a family that:
- Received TANF payments for at least the past 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 during the past 2 years, or
  - Stopped being eligible for TANF payments during the past 2 years because federal or state law limited the maximum time those payments could be made.

### Signature—All Applicants Must Sign

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 \_\_\_\_/\_\_\_\_/\_\_\_\_

Complete Only If Box 1 on Page 1 is Checked

State and county or parish of job \_\_\_\_\_

Check if the individual was not your employee on August 28, 2005, and this is the first time the employee has been hired by you since August 28, 2005.

Under penalties of perjury, I declare that the applicant 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. I hereby request a certification that the individual is a member of a targeted group.

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

Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code. Section 51(d)(13) 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 in securing employment. Routine uses of this form include giving it to the state workforce agency (SWA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group. 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 SWA, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat 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 . . . . . 5 hrs., 30 min. Learning about the law or the form . . . . . 24 min. Preparing and sending this form to the SWA . . . . . 30 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 Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send this form to this address. Instead, see When and Where To File in the separate instructions.

# Instructions for Form 8850

(Rev. June 2007)



Department of the Treasury  
Internal Revenue Service

## Pre-Screening Notice and Certification Request for the Work Opportunity Credit

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### What's New

The Small Business and Work Opportunity Act of 2007 made the following changes.

- The work opportunity credit has been extended to cover individuals who begin work for you before September 1, 2011.
- For individuals who begin work for you after May 25, 2007, the qualified veterans group is expanded to include veterans entitled to compensation for a service-connected disability and who, during the one-year period ending on the hiring date, were (a) discharged or released from active duty in the U.S. Armed Forces or (b) unemployed for a period or periods totaling at least 6 months. The first-year wages taken into account for these disabled veterans is \$12,000.
- For individuals who begin work for you after May 25, 2007, the high-risk youth group has been renamed "designated community residents" and expanded to include individuals who are at least age 18 but not yet age 40. In addition, residents of rural renewal counties (see page 4) have been added to this group.



*You should use this version of Form 8850 for individuals who begin work for you after May 25, 2007. Use the February 2007 revision for individuals who began work for you before May 26, 2007.*

#### Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to their state workforce agency (SWA) (unless the employee checks only the Hurricane Katrina employee box) to certify an individual as a member of a targeted group for purposes of qualifying for the work opportunity credit.

Submitting Form 8850 to the SWA (unless the employee checks only the Hurricane Katrina employee box) is but one step in the process of qualifying for the work opportunity credit. The state work opportunity tax credit (WOTC) coordinator for the SWA 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 work opportunity credit. The employer elects to take the credit by filing Form 5884, Work Opportunity Credit.



*The certification requirements described above do not apply to Hurricane Katrina employees. For an employer of a Hurricane Katrina employee, this form is used to accept reasonable evidence that the worker is a Hurricane Katrina employee. It is the employer's responsibility to ascertain that the place where the employee lived on August 28, 2005, (the address on line 1 of the form) is in fact in the Gulf Opportunity Zone (core disaster area) (see pages 2 and*

*3 for a list of these areas). The employer is not required to ask employees to furnish any documentary evidence.*

#### Who Should Complete and Sign the Form

The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on Form 8850. Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of a targeted group (as defined under Members of Targeted Groups). If the employer believes the applicant is a member of a targeted group, the employer completes the rest of the form no later than the day the job offer is made. Both the job applicant and the employer must sign Form 8850 no later than the date for submitting the form to the SWA.

### Instructions for Employer

#### When and Where To File

Do not file Form 8850 with the Internal Revenue Service. Instead, if required, file it with your SWA no later than the 28th day after the job applicant begins work for you. Although electronic filing of Form 8850 is permitted, at the time these instructions were published, Colorado was the only state equipped to receive Form 8850 electronically. See Announcement 2002-44 for details. You can find Announcement 2002-44 on page 809 of Internal Revenue Bulletin 2002-17 at [www.irs.gov/pub/irs-irbs/irb02-17.pdf](http://www.irs.gov/pub/irs-irbs/irb02-17.pdf).

To get the name, address, phone and fax numbers, and email address of the WOTC coordinator for your state, visit the Department of Labor Employment and Training Administration (ETA) website at [www.doleta.gov/business/incentives/opptax](http://www.doleta.gov/business/incentives/opptax).



*Never attach Form 8850 to a tax return or otherwise send it to the IRS, regardless of the employee's targeted group. Form 8850 should be filed with the SWA unless the employee checks only the Hurricane Katrina employee box, in which case the employer should keep the Form 8850 for its records.*

#### Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state WOTC coordinator either:

- ETA Form 9062, Conditional Certification Form, if the job applicant received this form from a participating agency (e.g., the Jobs Corps) or
- ETA Form 9061, Individual Characteristics Form, if the job applicant did not receive a conditional certification.

You can get ETA Form 9061 from your local public employment service office or you can download it from

the ETA website at  
[www.doleta.gov/business/incentives/opptax](http://www.doleta.gov/business/incentives/opptax).

## Recordkeeping

Keep copies of Forms 8850, any transmittal letters that you submit to your state WOTC coordinator, and certification letters you receive from your WOTC coordinator as long as they may be needed for the administration of the provisions relating to the work opportunity credit. Records that support the credit usually must be kept for 3 years from the date any income tax return claiming the credit is due or filed, whichever is later.

## Members of Targeted Groups

A job applicant may be certified as a member of a targeted group if he or she is described in one of the following groups.

1. **Qualified IV-A recipient.** An individual who is a member of a family receiving assistance under a state plan approved under part A of title IV of the Social Security Act relating to Temporary Assistance for Needy Families (TANF). The assistance must be received for any 9 months during the 18-month period that ends on the hiring date.

2. **Qualified veteran.** A veteran who is any of the following.

- A member of a family receiving assistance under the Food Stamp program for at least a 3-month period during the 15-month period ending on the hiring date.

- Entitled to compensation for a service-connected disability and is hired not more than 1 year after being discharged or released from active duty in the U.S. Armed Forces.

- Entitled to compensation for a service-connected disability and was unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.

To be considered a veteran, the applicant must:

- Have served on active duty (not including training) in the Armed Forces of the United States for more than 180 days or have been discharged or released from active duty for a service-connected disability, and

- Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date.

3. **Qualified ex-felon.** An ex-felon who has been convicted of a felony under any federal or state law, and is hired not more than 1 year after the conviction or release from prison for that felony.

4. **Designated community resident.** An individual who is at least age 18 but not yet age 40 on the hiring date and lives within an empowerment zone, renewal community, or rural renewal county (defined later).

5. **Vocational rehabilitation referral.** An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or the Department of Veterans Affairs.

6. **Summer youth employee.** An individual who:

- Performs services for the employer between May 1 and September 15,

- Is age 16 but not yet age 18 on the hiring date (or if later, on May 1).

- Has never worked for the employer before, and
- Lives within an empowerment zone or renewal community.

7. **Food stamp recipient.** An individual who:

- Is at least age 18 but not yet age 40 on the hiring date, and

- Is a member of a family that—

- a. Has received food stamps for the 6-month period ending on the hiring date or

- b. Is no longer eligible for such assistance under section 6(o) of the Food Stamp Act of 1977, but the family received food stamps for at least 3 months of the 5-month period ending on the hiring date.

8. **SSI recipient.** An individual who is receiving supplemental security income benefits under title XVI of the Social Security Act (including benefits of the type described in section 1616 of the Social Security Act or section 212 of Public Law 93-66) for any month ending during the 60-day period ending on the hiring date.

9. **Long-term family assistance recipient.** An individual who is a member of a family that:

- Has received TANF payments for at least 18 consecutive months ending on the hiring date, or

- Receives TANF payments for any 18 months (whether or not consecutive) beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended during the past 2 years, or

- Stopped being eligible for TANF payments because federal or state law limits the maximum period such assistance is payable and the individual is hired not more than 2 years after such eligibility ended.

10. **Hurricane Katrina employee.** A Hurricane Katrina employee is a person who, on August 28, 2005, had a main home in the Gulf Opportunity (GO) Zone (core disaster area) and, during a two-year period beginning on this date, is hired to perform services principally in the GO Zone. Certification does not apply to this group.

## Member of a Family

With respect to the qualified IV-A recipient, qualified veteran, food stamp recipient, and long-term family assistance recipient, an individual whose family receives assistance for the requisite period meets the family assistance requirement of the applicable group if the individual is included on the grant (and thus receives assistance) for some portion of the specified period.

## Gulf Opportunity (GO) Zone (Core Disaster Area)

The GO Zone (also called the core disaster area) covers the portion of the Hurricane Katrina disaster area determined by the Federal Emergency Management Agency (FEMA) to be eligible for either individual only or both individual and public assistance from the Federal Government. The GO Zone covers the following areas in three states.

**Alabama.** The counties of Baldwin, Choctaw, Clarke, Greene, Hale, Marengo, Mobile, Pickens, Sumter, Tuscaloosa, and Washington.

**Louisiana.** The parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans,

Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermillion, Washington, West Baton Rouge, and West Feliciana.

**Mississippi.** The counties of Adams, Amite, Attala, Choctow, Claiborne, Clarke, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Holmes, Humphreys, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston, and Yazoo.

## Empowerment Zones

The following paragraphs describe current designations of empowerment zones. The designations will generally remain in effect until the end of 2009.

**Urban areas.** Parts of the following urban areas are empowerment zones. You can find out if your business or an employee's residence is located within an urban empowerment zone by using the RC/EZ/EC Address Locator at [www.hud.gov/crfocator](http://www.hud.gov/crfocator) or by calling 1-800-998-9999.

- Pulaski County, AR
- Tucson, AZ
- Fresno, CA
- Los Angeles, CA (city and county)
- Santa Ana, CA
- New Haven, CT
- Jacksonville, FL
- Miami/Dade County, FL
- Chicago, IL
- Gary/Hammond/East Chicago, IN
- Boston, MA
- Baltimore, MD
- Detroit, MI
- Minneapolis, MN
- St. Louis, MO/East St. Louis, IL
- Cumberland County, NJ
- New York, NY
- Syracuse, NY
- Yonkers, NY
- Cincinnati, OH
- Cleveland, OH
- Columbus, OH
- Oklahoma City, OK
- Philadelphia, PA/Camden, NJ
- Columbia/Sumter, SC
- Knoxville, TN
- El Paso, TX
- San Antonio, TX
- Norfolk/Portsmouth, VA
- Huntington, WV/Ironton, OH

**Washington, DC.** Under section 1400, parts of Washington, DC, are treated as an empowerment zone. This treatment will generally remain in effect until the end of 2007. For details, use the RC/EZ/EC Address Locator at [www.hud.gov/crfocator](http://www.hud.gov/crfocator) or see Notice 98-57 on page 9 of Internal Revenue Bulletin 1998-47 at [www.irs.gov/pub/irs-irbs/irb98-47.pdf](http://www.irs.gov/pub/irs-irbs/irb98-47.pdf).

**Rural areas.** Parts of the following rural areas are empowerment zones. You can find out if your business or an employee's residence is located within a rural

empowerment zone by using the RC/EZ/EC Address Locator at [www.hud.gov/crfocator](http://www.hud.gov/crfocator) or by calling 1-800-998-9999.

- Desert Communities, CA (part of Riverside County)
- Southwest Georgia United, GA (part of Crisp County and all of Dooly County)
- Southernmost Illinois Delta, IL (parts of Alexander and Johnson Counties and all of Pulaski County)
- Kentucky Highlands, KY (part of Wayne County and all of Clinton and Jackson Counties)
- Aroostook County, ME (part of Aroostook County)
- Mid-Delta, MS (parts of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington Counties)
- Griggs-Steele, ND (part of Griggs County and all of Steele County)
- Oglala Sioux Tribe, SD (parts of Jackson and Bennett Counties and all of Shannon County)
- Middle Rio Grande FUTURO Communities, TX (parts of Dimmit, Maverick, Uvalde, and Zavala Counties)
- Rio Grande Valley, TX (parts of Cameron, Hidalgo, Starr, and Willacy Counties)

## Renewal Communities

Parts of the following areas are designated as renewal communities. The designations will generally remain in effect until the end of 2009. You can find out if your business or an employee's residence is located within a renewal community by using the RC/EZ/EC Address Locator at [www.hud.gov/crfocator](http://www.hud.gov/crfocator) or by calling 1-800-998-9999.

- Greene-Sumter County, AL
- Mobile County, AL
- Southern Alabama
- Los Angeles, CA
- Orange Grove, CA
- Parlier, CA
- San Diego, CA
- San Francisco, CA
- Atlanta, GA
- Chicago, IL
- Eastern KY
- Central Louisiana
- New Orleans, LA
- Northern Louisiana
- Ouachita Parish, LA
- Lawrence, MA
- Lowell, MA
- Detroit, MI
- Flint, MI
- West Central Mississippi
- Turtle Mountain Band of Chippewa, ND
- Camden, NJ
- Newark, NJ
- Buffalo-Lackawanna, NY
- Jamestown, NY
- Niagara Falls, NY
- Rochester, NY
- Schenectady, NY
- Hamilton, OH
- Youngstown, OH
- Philadelphia, PA
- Charleston, SC
- Chattanooga, TN
- Memphis, TN
- Corpus Christi, TX
- El Paso County, TX
- Burlington, VT

- Tacoma, WA
- Yakima, WA
- Milwaukee, WI

## Rural Renewal Counties

A rural renewal county is a county in a rural area that lost population during the 5-year periods 1990 through 1994 and 1995 through 1999. Rural renewal counties are listed below.

**Alabama.** The counties of Butler, Dallas, Macon, Perry, Sumter, and Wilcox.

**Alaska.** The census areas of Aleutians West, Wrangell-Petersburg, and Yukon-Koyukuk.

**Arkansas.** The counties of Arkansas, Chicot, Clay, Desha, Jackson, Lafayette, Lee, Little River, Monroe, Nevada, Ouachita, Phillips, Union, and Woodruff.

**Colorado.** The counties of Cheyenne, Kiowa, and San Juan.

**Georgia.** The counties of Randolph and Stewart.

**Illinois.** The counties of Alexander, Edwards, Franklin, Gallatin, Greene, Hancock, Hardin, Jasper, Knox, McDonough, Montgomery, Pulaski, Randolph, Richland, Scott, Warren, Wayne, and White.

**Indiana.** Perry County.

**Iowa.** The counties of Adair, Adams, Appanoose, Audubon, Butler, Calhoun, Cass, Cherokee, Clay, Clayton, Emmet, Floyd, Franklin, Fremont, Hancock, Humboldt, Ida, Keokuk, Kossuth, Montgomery, Osceola, Palo Alto, Pocahontas, Poweshiek, Sac, Taylor, Union, Wayne, Winnebago, and Worth.

**Kansas.** The counties of Atchison, Barber, Barton, Brown, Clay, Cloud, Comanche, Decatur, Edwards, Elk, Ellsworth, Gove, Graham, Greeley, Greenwood, Harper, Hodgeman, Jewell, Kiowa, Labette, Lane, Lincoln, Marshall, Mitchell, Montgomery, Ness, Osborne, Phillips, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Trego, Wallace, Washington, Wichita, and Woodson.

**Kentucky.** The counties of Bell, Caldwell, Floyd, Harlan, Hickman, Leslie, Letcher, Pike, and Union.

**Louisiana.** The parishes of Bienville, Claiborne, Franklin, Jackson, Morehouse, St. Mary, Tensas, Vernon, and Webster.

**Maine.** The counties of Aroostook and Piscataquis.

**Michigan.** The counties of Gogebic, Marquette, and Ontonagon.

**Minnesota.** The counties of Big Stone, Chippewa, Cottonwood, Faribault, Jackson, Kittson, Koochiching, Lac Qui Parle, Lincoln, Marshall, Martin, Murray, Norman, Pipestone, Red Lake, Redwood, Renville, Stevens, Traverse, Wilkin, and Yellow Medicine.

**Mississippi.** The counties of Adams, Coahoma, Humphreys, Montgomery, Quitman, Sharkey, Tallahatchie, and Washington.

**Missouri.** The counties of Atchison, Carroll, Chariton, Clark, Holt, Knox, Mississippi, New Madrid, Pemiscot, and Worth.

**Montana.** The counties of Carter, Daniels, Dawson, Deer Lodge, Fallon, Garfield, Hill, Liberty, McCone, Petroleum, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Valley, and Wibaux.

**Nebraska.** The counties of Antelope, Banner, Boone, Box Butte, Boyd, Burt, Cedar, Chase, Deuel, Dundy, Fillmore, Franklin, Garden, Garfield, Greeley, Hayes, Hitchcock, Holt, Jefferson, Johnson, Logan, Nance, Nemaha, Nuckolls, Pawnee, Perkins, Red Willow, Richardson, Rock, Sheridan, Sherman, Thayer, Thomas, Valley, Webster, and Wheeler.

**Nevada.** The counties of Esmeralda, Lander, and Mineral.

**New Hampshire.** Coos County.

**New Mexico.** The counties of Harding and Quay.

**New York.** The counties of Clinton and Montgomery.

**North Dakota.** The counties of Adams, Barnes, Benson, Billings, Bottineau, Burke, Cavalier, Dickey, Divide, Dunn, Eddy, Emmons, Foster, Golden Valley, Grant, Griggs, Hettinger, Kidder, LaMoure, Logan, McHenry, McIntosh, McKenzie, McLean, Mercer, Mountrail, Nelson, Oliver, Pembina, Pierce, Ramsey, Ransom, Renville, Sargent, Sheridan, Slope, Stark, Steele, Stutsman, Towner, Traill, Walsh, Wells, and Williams.

**Ohio.** The counties of Crawford, Monroe, Paulding, Seneca, and Van Wert.

**Oklahoma.** The counties of Alfalfa, Beaver, Cimarron, Custer, Dewey, Ellis, Grant, Greer, Harmon, Harper, Kiowa, Major, Roger Mills, Seminole, Tillman, and Woodward.

**Pennsylvania.** The counties of Venango and Warren.

**South Carolina.** Marlboro County.

**South Dakota.** The counties of Aurora, Campbell, Clark, Day, Deuel, Douglas, Faulk, Grant, Gregory, Haakon, Hand, Harding, Hutchinson, Jones, Kingsbury, Marshall, McPherson, Miner, Perkins, Potter, Sanborn, Spink, Tripp, and Walworth.

**Texas.** The counties of Andrews, Bailey, Baylor, Borden, Briscoe, Brooks, Castro, Cochran, Coleman, Collingsworth, Cottle, Crane, Culberson, Deaf Smith, Dimmit, Eastland, Fisher, Floyd, Foard, Gray, Hall, Hardeman, Haskell, Hemphill, Hockley, Hutchinson, Kenedy, Kent, Knox, Lamb, Martin, McCulloch, Morris, Nolan, Oldham, Reagan, Reeves, Refugio, Roberts, Scurry, Stonewall, Terrell, Terry, Upton, Ward, Wheeler, Wilbarger, Winkler, Yoakum, and Zavala.

**Virginia.** The counties of Buchanan, Dickenson, Highland, and Lee and the independent cities of Clifton Forge, Covington, Norton, and Staunton.

**West Virginia.** The counties of Calhoun, Gilmer, Logan, McDowell, Mercer, Mingo, Summers, Tucker, Webster, Wetzel, and Wyoming.

**Wyoming.** The counties of Carbon and Niobrara.

**Individual Characteristics Form  
Work Opportunity Tax Credit**

**U.S. Department of Labor  
Employment & Training Administration**

1. CONTROL NO. (For Agency Use Only)	<b>Individual Information</b> (Instructions on the Back)	OMB No. 1205-0071 Expires: 6/31/09  2. DATE RECEIVED (For Agency Use Only)
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3. EMPLOYER NAME/ADDRESS:	4. EMPLOYER FEDERAL ID NO.	5. EMPLOYMENT START DATE:  Starting Wage:  \$ _____ per hour  POSITION:
6. Have you worked for the above employer before?  Yes _____ No _____  If Yes, enter date and year: _____		

7. NAME OF INDIVIDUAL (Last, First, Middle):	8. SOCIAL SECURITY NUMBER:
--	----------------------------

The above named individual is determined to have the following characteristics for WOTC target group certification:

9. Is your age between 18 but <u>not</u> yet age 40?  Yes _____ No _____  If YES, indicate your "Date of Birth" below: Date of Birth: _____	10. Is a veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months.  Yes _____ No _____  If YES, also complete Box 17.	11. Is a member of a family that received TANF benefits for any 9 months in the last 18 months.  Yes _____ No _____  If YES, also complete Box 17.
12. Is a member of a family that received Food Stamps for the last 6 months.  Yes _____ No _____, or  for at least a 3-month period within the last 5 months, BUT is no longer receiving them.  Yes _____ No _____  If YES to either, also complete Box 17.	13. In the past year, individual has been <u>convicted</u> of a felony or <u>released</u> from prison after a felony conviction.  Yes _____ No _____  If YES, complete below:  Date of Conviction _____  Date of Release _____	14. Lives and plans to continue living in a federal Empowerment Zone, Enterprise Round II or Renewal Community.  Yes _____ No _____  16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.  Yes _____ No _____
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services' program or the Veterans' Administration.  Yes _____ No _____	17. If individual is not a primary recipient of benefits, please provide the following:  _____  Name of Primary Recipient  _____  City/State of Benefits	

18. Is a "ticket holder" under the Ticket to Work Program.  Yes _____ No _____	19. The "ticket holder" has an Individual Work Plan (IWP) from an Employment Network (EN).  Yes _____ No _____
--	--

20. Is a member of a family that:

- Has received/is receiving TANF payments for at least the last 16 consecutive months; Yes \_\_\_\_\_ No \_\_\_\_\_ or
- Has received/is receiving TANF payments for any 18 months starting after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, and ended within the last 2 years; or Yes \_\_\_\_\_ No \_\_\_\_\_ 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, and having a hiring date not more than 2 years after the date of cessation of TANF benefits. Yes \_\_\_\_\_ No \_\_\_\_\_

21. SOURCES USED TO DOCUMENT ELIGIBILITY:

Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below. If applicant is a minor, the parent or guardian should sign this box.

22. SIGNATURE:	23. DATE:
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**INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061.** This form is used together with IRS Form 8850 to help SWAs determine eligibility for the consolidated Work Opportunity Tax Credit Program. The form may be completed by the applicant, the employer or employer representative/consultant, the SWADLA or the Participating Agency and signed by the person or agency filling out this form. This form is required to be used, without modification, by all employers and/or their representatives seeking the WOTC.

- Box 1:** Control Number (for agency use only). The SWADLA 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. Enter this number here.
- Box 2:** Date (for agency use only). Enter the month, day, and year when the form is received.
- Box 3:** Employer Name/Address. Enter the name and address including zip code and telephone number of the employer applying for a WOTC Employer Certification.
- Box 4:** Employer Federal ID No. Enter employer's federal taxpayer identification number.
- Box 5:** Employment-Start Date/Wage/Position or Title. Enter the employment start date, the starting hourly wage, that the employee will be paid. If not known, enter an estimated wage. Also, enter the job or position title, under which the individual or prospective employee will be performing for this employer.
- Box 6:** Previous Employment for This Employer. This requires a YES or NO answer. Enter a check mark (✓) in the corresponding blank. If Yes, enter date and year.
- 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 20 (Read each box carefully).** Enter a check mark (✓) to indicate if your answer is a YES or a NO. Provide additional information where requested for the WOTC target group eligibility.

**Box 21. Sources to Document Eligibility.** List or describe the documentary evidence or sources of collateral contacts that are attached to the ICF form or that will be provided. Indicate in parentheses, next to each document listed, whether it is attached or forthcoming. Some examples are provided below. Employers may also obtain a letter from the agency that administers a relevant program, stating that the employee or a member of his/her household meets one of the eligibility requirements.

**Examples of Documentary Evidence or Collateral Contacts:**

**AGE/BIRTHDATE:**

(Required for High-Risk Summer Youth & Food Stamp)

- Birth Certificate
- Driver's License
- School I.D. Card\*
- Work Permit
- Federal/State/Local Gov't I.D.\*\*
- Hospital Record of Birth

**FAMILY INCOME:**

(Required for Ex-felon)

- Pay Stubs
- Employer Contacts
- W-2 Forms
- UI Documents
- Public Assistance Records of No. of Months Benefits Were Received.
- Family Members' Statements
- Parole Officer's Name
- Parole Officer's Statements

**SSI RECIPIENT:**

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

**EX-FELON STATUS:**

- Parole Officer's Name
- Correction Institution Records
- Court Record, Extracts

**TANF (IV-A) RECIPIENT:**

- TANF Benefit History
- Signed Statement from Authorized Individual w/ Specific Description of Months Benefits Were Received.
- Case Number Identifier

**NUMBER IN FAMILY:**

- Public Assistance
- Social Services Agencies

**VETERANS' STATUS:**

- DD-214
- Reserve Unit Contacts
- Discharge Papers\*

**VOCATIONAL REHABILITATION REFERRAL:**

- Voc. Rehab. Agency Contact

**VOC REHAB (Continued)**

- Signed statement from authorized individual w/specific description of months benefits received
- Veterans Administration Records

**LONG-TERM FAMILY ASSISTANCE RECIPIENT:**

- TANF Benefits History
- Signed Statement from authorized individual with specific description of months benefits received
- Case Number Identifier

**EMPOWERMENT ZONE/ENTERPRISE/RENEWAL COMMUNITIES:**

- Driver's License
- Work Permit
- Utility Bills
- Signed Statement From Authorized Individual w/ Specific Description
- Lease Document
- Voter Registration Card
- Food Stamp Award

**EZ/ECRCs (Continued)**

- Letter
- Social Security Agency Letter
- Library Card\*\*
- Landlord's Statement
- Letter From Social Service Agencies
- School Records
- Medicaid/Medicare Card
- Property Tax Record
- Public Assistance Record
- Rent Receipts
- School I.D. Card\*\*
- W-4
- Selective Service Registration Card

**TICKET HOLDER (Ticket to Work Program)**

- SWAs must establish applicant's eligibility by calling MAXMUS to verify if applicant: 1) is a ticket holder and 2) has and IWP from an Employment Network (EN).

**NOTE:** This list is not an exhaustive list. For more information, contact your WOTC public State Workforce Agency.

\*Where any item of documentation such as a Federal I.D. Card does not contain age or birth date, the SWADLA must obtain another documentary source to verify the individual's age.

\*\*Where any item of documentary evidence, such as library card does not contain the holder's address, the SWADLA must obtain documentary evidence issued in the jurisdiction where the EZ/EC or RC is located showing the holder's address.

22. **Signature.** Affix your signature.

23. **Date.** Enter the month, day and year when the form was completed.

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Persons are not required to respond to this collection of information unless it displays a currently valid OMB Control number. Respondent's obligation to reply to these requirements is required to obtain and retain benefits per P.L. 104-184. Public reporting burden for this collection of information is estimated to average .33 minutes per response, including the time for reading instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Division of Adult Services, Room C-4514, Washington, D.C. 20210 (Paperwork Reduction Project 1205-0371).

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(Cut along dotted line and keep in your files)

TO THE JOB APPLICANT OR EMPLOYEE:

THE INFORMATION AND THE SUPPORTING DOCUMENTATION YOU HAVE PROVIDED IN COMPLETING THIS FORM—OR IN SOME CASES OTHER INFORMATION THAT COULD VERIFY THE RESPONSES YOU HAVE GIVEN TO THE ITEMS/QUESTIONS IN THIS FORM— WILL BE DISCLOSED BY YOUR EMPLOYER TO THE STATE WORKFORCE AGENCY (SWA) (ENTER CORRESPONDING SWA NAME BELOW):

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IN ORDER TO QUALIFY FOR A FEDERAL EMPLOYER TAX CREDIT, PROVISION OF THIS INFORMATION IS VOLUNTARY. HOWEVER, THE INFORMATION IS REQUIRED FOR YOUR EMPLOYER TO RECEIVE THE FEDERAL TAX CREDIT. IF THE INFORMATION YOU PROVIDE IS ABOUT A MEMBER OF YOUR FAMILY, YOU SHOULD PROVIDE HIM/HER A COPY OF THIS NOTICE.



# Instructions for Completing Application for State of Texas Tax Refund

## Employee Information

- Enter the full name of the employee who received TANF during their first month of employment.
- Enter the employee's social security number.
- Enter the employee's employment start date.
- Enter the employee's termination date (if applicable).
- The employee **MUST** sign authorizing the Texas Workforce Commission to certify they received financial assistance under the TANF program during their first month of employment.
- Enter date signed.

## Employer Information

- Enter the beginning and ending dates of the period in which the taxes and wages were paid. A separate claim must be filed for each calendar year. NOTE: The ending date will be the earlier of the employee's termination date, the employee's first anniversary date, or the end of the calendar year.
- Enter employer's name.
- Enter the (taxpayer) employer's identification number (EIN).
- Enter the street address of the employer.
- Enter the telephone number of the employer.
- Please list a contact person.
- Enter telephone number of contact if different from employer number.
- Enter street address, city, state and ZIP code if different if different from employer information.
- Enter the total wages paid the employee within the first year of employment.
- Multiply the amount in Item 17 by 20 percent and enter.
- If this is the second claim during an employee's first year of employment, enter the refund amount of the first claim.
- Subtract the amount of Item 20 from that of item 19 and enter the difference. A maximum refund of \$2,000 may be claimed for each eligible employee. A prior claim filed for the same employee reduces the maximum amount allowed by the amount of the prior claim.
- Enter the smaller of Item 18 or 21. This is your refund.

**Insurance Information**

- Check the block that applies to the type of medical insurance coverage you are providing the eligible employee.
- Enter name of health insurance provider.
- Enter address of health insurance provider.
- Enter the group number, if applicable.
- Enter the policy number, if applicable.
- By signing, the taxpayer/employer certifies they meet the eligibility requirements listed in the certification. If the form is completed by an authorized agent of the taxpayer /employer, a power of attorney or other written authorization must be on file with the
- Texas Workforce Commission WOTC/State Tax Refund Unit.
- Signature of authorized TWC employee.

**Do not send this form to the State Comptroller.**

For tax refund assistance, please call:

Comptroller of Public Accounts	1-800-531-5441, ext. 34545 or 512-463-4545
Texas Workforce Commission	1-800-695-6879 or 512-463-9926
Telecommunication Device for the Deaf	1-800-248-4099 or 512-463-4621
	(TDD) ONLY

**Please allow a minimum of 90 days to receive your refund.**

# EMPLOYER APPLICATION FOR REFUND OF TAXES PAID TO THE STATE OF TEXAS

Temporary Assistance for Needy Families (TANF)

2. ■

NOTE: Complete separate form for each eligible employee  
 To be filed ONLY on or after January 1, 2007 and  
 before April 1, 2007 (for wages paid in 2006)

1. T code ■ 58100

TWC #1098

## EMPLOYER INFORMATION

3. Texas taxpayer number ■		Period of claim m m d d y y		4. Begin date ■		5. End date ■	
6. Taxpayer name				8. Check this box if your address has changed..... <input type="checkbox"/> 1 ■ FM			
7. Address City State ZIP code				9. FOR COMPTROLLER USE ONLY <input type="checkbox"/> 2 ■ INV <input type="checkbox"/> 3 ■ SD			
Contact person				Telephone (Area code and number)			
Contact person street address (if different from above)				City		State ZIP code	

NOTE: If this form is being completed by an agent of the taxpayer, a power of attorney must be attached to this form or on file with the State Refund Program at the Texas Workforce Commission.

## EMPLOYEE INFORMATION / RELEASE AUTHORIZATION

10. Name (Last)		11. First		12. Middle Initial		13. Social security number	
14. Employment start date		15. Employment termination date (if applicable)					
I hereby give my permission to the Texas Workforce Commission to certify to this employer or to the Texas Comptroller of Public Accounts that I was a recipient of financial assistance under TANF or MEDICAID any month within 6 months of my beginning date of employment.							
16. Employee's signature <b>sign here</b> ▶						17. Date	

## REFUND CALCULATION

18. Total Wages paid DURING Claim Period in Items 4 and 5 above .....	18. ■
19. Eligible Wages (Multiply item 18 by 20% (.20)) .....	19. _____
20. Maximum Claim allowed per employee .....	20. <b>\$2,000.00</b>
21. Refunds previously claimed for this employee .....	21. _____
22. Maximum eligible refund for employee (Item 20 minus Item 21) .....	22. _____
23. Refund claimed for 2006 (Enter the smaller of Item 19 or Item 22) .....	23. ■ _____

NOTE: The refund issued for all employees will not exceed net taxes paid and postmarked for state sales and use, franchise, boat and boat motor, inheritance, PUC gross receipts, hotel and/or manufactured housing after any applicable credits, in the calendar year that this claim covers.

## EMPLOYER'S STATEMENT REGARDING INSURANCE

24. I certify that this taxpayer/employer provides to and pays for the benefit of this employee a part of the cost of health insurance provided under: Check all that apply: <input type="checkbox"/> HMO Plan <input type="checkbox"/> Self-Funded or Self-insured ERISA Plan <input type="checkbox"/> Health Plan approved by Commissioner of Insurance	
<b>HEALTH INSURANCE PROVIDER</b>	
25. Name	27. Group no.
26. Street address	28. Policy no.
City, State, ZIP code	29. Telephone (Area code and number)
I further certify under penalty of perjury that the information I have provided on this application is true and complete to the best of my knowledge and belief.	
30. Employer or authorized person <b>sign here</b> ▶	Date

ALL RECORDS ARE SUBJECT TO AUDIT REVIEW. Employer must maintain records to support all information. If supporting documentation is needed to verify your claim, you will be contacted.

## TWC CERTIFICATION

I hereby certify that the above named individual was a recipient of TANF or Medicaid any month within 6 months of the start date.	
31. Authorized TWC Employee <b>sign here</b> ▶	Date

**APPLICATION FOR REFUND OF TAXES PAID FOR AN ELIGIBLE EMPLOYER OF A  
CERTIFIED RECIPIENT OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) or MEDICAID**

**WHO MAY FILE:** Any Employer:

- Who pays eligible taxes that are administered by the Comptroller of Public Accounts;
- Who pays wages during the first year of employment to an employee who is a resident of Texas and was a certified recipient of TANF or Medicaid any month within 6 months of the start date; and
- Provides and pays for the employee a part of the cost of a HMO health plan, a self-funded or self-insured plan under ERISA, or health benefit plan approved by the Commissioner of Insurance.

*Note: An employer who requests a refund for wages paid to an employee must provide the same insurance coverage to that employee as is provided to other employees in their employment.*

**WHAT TAXES CAN BE REFUNDED:** The following taxes credited to the general revenue fund paid by the taxpayer may be refunded: state sales and use, franchise, boat and boat motor, inheritance and/or PUC gross receipts, hotel and/or manufactured housing. An employer may apply for a refund of taxes paid and postmarked in the same calendar year in which wages are paid to a certified employee.

**WHEN TO FILE:** The employer may apply for a tax refund for wages paid an employee in a calendar year only on or after January 1 and before April 1 of the calendar year following the year the taxes/wages were paid. For example: A refund request for wages paid in calendar year 2005 must be submitted on or after January 1, 2007 but before April 1, 2007.

**HOW TO FILE:** After completing all items through Item 30, send the original application to:

Texas Workforce Commission  
WOTC/State Tax Refund Unit—Room 332T  
101 E. 15th Street  
Austin, TX 78778-1442

Properly completed forms postmarked on or after January 1st and before April 1st will be accepted. Incomplete forms will be returned. After receiving certification from the Texas Workforce Commission, this application will be forwarded to the Comptroller of Public Accounts for further verification and, if applicable, refund issuance.

**SPECIFIC INSTRUCTIONS**

**EMPLOYER INFORMATION**

**Item 3 -** Enter the employer's Texas taxpayer number. If the employer does not have a taxpayer number for doing business in Texas, enter the employer's federal employer identification number (FEIN).

**Items 4 & 5 -** Enter the beginning and ending dates of the period in which the taxes and wages were paid. A separate claim must be filed for each calendar year. NOTE: The ending date will be the earlier of the employee's termination date, the employee's first anniversary date, or the end of the calendar year.

EXAMPLES:

DATE OF HIRE	WHEN TO FILE	CLAIM BEGIN DATE	CLAIM END DATE
01/01/04	01/01/05 through 03/31/05	01/01/04	12/31/04
06/01/04	01/01/05 through 03/31/05 01/01/06 through 03/31/06	06/01/04 01/01/05	12/31/04 05/31/05

**Item 6 -** Enter employer's name.

**Item 7 -** Enter the street address, city, state, ZIP code of the employer. Also, include a name, telephone number and complete address for a contact person, if different.

**EMPLOYEE INFORMATION / RELEASE AUTHORIZATION**

**Items 10, 11, & 12 -** Enter the last name, first name, and middle initial of the employee who was a recipient of TANF during their first month of employment.

**Item 13 -** Enter the Social Security Number of the employee listed in Items 10-12.

**Item 14 -** Enter the employment start date of the employee listed in Items 10-12 (MM/DD/YY).

**Item 15 -** Enter the termination date of the employee (if applicable) in Items 10-12. (MM/DD/YY).

**Item 16 -** The employee, listed in Items 10, 11, 12, & 13 MUST sign here authorizing the Texas Workforce Commission to certify that the employee was a recipient of financial assistance under the TANF or Medicaid any month within 6 months of the beginning date of employment.

**Item 17 -** Enter date signed.

**REFUND CALCULATION**

**Item 18 -** Enter the amount of TOTAL WAGES paid within the first year of employment to the employee during the claim period in Items 4 & 5.

**Item 19 -** Enter the amount calculated by multiplying the amount in Item 18 by 20%.

**Item 21 -** If this is the second claim for wages paid to an employee during their first year of employment, enter the refund amount of the first claim.

**Item 22 -** Enter the difference of Item 20 minus Item 21. A maximum refund of \$2,000 may be claimed for each eligible employee. A prior claim filed for the same employee reduces the maximum amount allowed on this claim by the amount of the prior claim.

**Item 23 -** Enter the smaller of Item 19 or Item 22. This is the refund you are claiming.

**EMPLOYER'S STATEMENT REGARDING INSURANCE**

**Item 24 -** Check the block that applies to the type of medical insurance coverage that is paid for and provided to the eligible employee.

**Item 25 -** Enter name of Health Insurance Provider.

**Item 26 -** Enter address of Health Insurance Provider.

**Item 27 -** Enter the group number, if applicable.

**Item 28 -** Enter the policy number, if applicable.

**Item 29 -** Enter the telephone number of the Health Insurance Provider.

**Item 30 -** By signing, the taxpayer/employer certifies that they meet the eligibility requirements listed in the certification. If the form is completed by a duly authorized agent of the taxpayer/employer, a Power of Attorney or other written authorization must be on file with the Texas Workforce Commission WOTC/State Tax Refund Unit.

**Item 31 -** Signature of authorized TWC employee.

**DO NOT SEND THIS FORM TO THE STATE COMPTROLLER**

For Tax Refund assistance please call:

Texas Workforce Commission  
Comptroller of Public Accounts

1-800-895-8879 or 512/463-2539  
1-800-531-5441, ext. 34545 or 512/463-4545

# **IRS Filing Information for WOTC and Long Term Family Assistance**

## **IRS Filing Information**

The Internal Revenue Service publishes information on filing for the WOTC tax credit and the Long Term Family Assistance in its General Business Credit Publication. For your convenience, Form 5884 and 8861 and the corresponding directions for each are included in this booklet.



**Work Opportunity Credit**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

<b>1</b> Enter on the applicable line below the total qualified first-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who began work for you before the applicable date in the instructions and are certified (if required) as members of a targeted group.		
<b>a</b> Employees who worked for you at least 120 hours but fewer than 400 hours . . . . . \$ . . . . . × 25% (.25)	<b>1a</b>	
<b>b</b> Employees who worked for you at least 400 hours . . . . . \$ . . . . . × 40% (.40)	<b>1b</b>	
<b>2</b> Add lines 1a and 1b. See instructions for the adjustment you must make for salaries and wages	<b>2</b>	
<b>3</b> Work opportunity credit from partnerships, S corporations, cooperatives, estates, and trusts	<b>3</b>	
<b>4</b> Add lines 2 and 3. Cooperatives, estates, and trusts, go to line 5; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on the applicable line of Form 3800 (e.g., line 1b of the 2006 Form 3800) . . . . .	<b>4</b>	
<b>5</b> Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions) . . . . .	<b>5</b>	
<b>6</b> Cooperatives, estates, and trusts, subtract line 5 from line 4. Report the amount on the applicable line of Form 3800 (e.g., line 1b of the 2006 Form 3800) . . . . .	<b>6</b>	

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**What's New**

The Tax Relief and Health Care Act of 2006 extended the work opportunity credit to cover employees who begin work for the employer before January 1, 2008.

For employees who begin work for the employer after December 31, 2006, the act also expanded the definition of a targeted group employee, and increased the timeframe for submitting Form 8850. For more information on these changes, see Publication 553, Highlights of 2006 Tax Changes.

The tax liability limit is no longer figured on this form; instead, it must be figured on Form 3800, General Business Credit.

Taxpayers that are not partnerships, S corporations, cooperatives, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1b of Form 3800.

The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

**Purpose of Form**

Use Form 5884 to claim the work opportunity credit for qualified first-year wages you paid to or incurred for targeted group employees during the tax year. Your business does not have to be located in an empowerment zone, enterprise community, or renewal community to qualify for this credit.

You can claim or elect not to claim the work opportunity credit any time within 3 years from the due date of your return on either your original return or an amended return.

**How To Claim the Credit**

Generally, you must request and be issued a certification for each employee from the state employment security agency (SESA). The certification proves that the employee is a member of a targeted group. You must receive the certification by the day the individual begins work or complete Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, on or before the day you offer the individual a job.

If you complete Form 8850, it must be signed by you and the individual and submitted to the SESA by the 21st calendar day after the individual begins work (the 28th day if the employee begins work after December 31, 2006). If the SESA denies the request, it will provide a written explanation of the reason for denial. If a certification is revoked because it was based on false information provided by the worker, wages paid after the date you receive the notice of revocation do not qualify for the credit.

**Hurricane Katrina employee.** A Hurricane Katrina employee is an employee who had a main home in the core disaster area on August 28, 2005, and, within a two-year period beginning on that date, was hired for a job whose principal place of employment is in the core disaster area. The certification requirements described above do not apply to Hurricane Katrina employees. Instead, the worker must show the employer reasonable evidence that the worker is a Hurricane Katrina employee. An employer may use Form 8850 to accept reasonable evidence that the worker is a Hurricane Katrina employee. If the employer discovers that the worker is not a Hurricane Katrina employee, wages paid after the date of discovery will not qualify for the credit.

**Targeted group employee.** An employee is a member of a targeted group if he or she is a:

- Hurricane Katrina employee,
- Qualified recipient of Temporary Assistance for Needy Families (TANF),
- Qualified veteran,
- Qualified ex-convict,
- High-risk youth,
- Vocational rehabilitation referral,
- Qualified summer youth employee,
- Qualified food stamp recipient, or
- Qualified SSI recipient.

However, if you use any wages of an employee to figure the welfare-to-work credit for any tax year, the employee is not treated as a member of a targeted group for that year.

See Form 8850 and section 51(d) for details and restrictions.

## Qualified Wages

**Qualified first-year wages.** Qualified first-year wages are wages you paid or incurred for work performed during the 1-year period beginning on the date the targeted group member begins work for you. The amount of qualified wages that may be taken into account for any employee is limited to \$6,000 (\$3,000 for a qualified summer youth employee). Wages qualifying for the credit generally have the same meaning as wages (excluding tips) subject to the Federal Unemployment Tax Act (FUTA). If the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes qualify. For a special rule that applies to railroad employees, see section 51(h)(1)(B).

Qualified wages for any employee must be reduced by the amount of any work supplementation payments you received under the Social Security Act.

The amount of qualified wages for any employee is zero if:

- The employee did not work for you for at least 120 hours,
- The employee worked for you previously, unless the employee is a Hurricane Katrina employee who was not in your employment on August 28, 2005, and this is your first hire of the employee after that date,
- The employee is your dependent,
- The employee is related to you (see section 51(f)(1)),
- 50% or less of the wages the employee received from you were for working in your trade or business, or
- You use any of the employee's wages to figure the welfare-to-work credit for the current year.

Qualified wages do not include:

- Wages paid to any employee during any period for which you received payment for the employee from a federally funded on-the-job training program;
- Wages paid or incurred to a high-risk or qualified summer youth employee for services performed while the employee lived outside an empowerment zone, enterprise community, or renewal community;
- Wages paid or incurred for services performed by a qualified summer youth employee before or after any 90-day period between May 1 and September 15; and

- Wages for services of replacement workers during a strike or lockout.

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified first-year wages giving rise to the group's work opportunity credit. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 2.

## Specific Instructions

### Lines 1a and 1b

Enter on the applicable line the total qualified first-year wages paid to employees who are members of a targeted group. Multiply the wages you enter on each line by the percentage shown on that line.

**Successor employer.** For successor employers, the 1-year period begins on the date the employee first began work for the previous employer and any qualified first-year wages paid by the successor employer are reduced by the qualified first-year wages paid by the previous employer. See section 51(k)(1) and Regulations section 1.51-1(h).

A successor employer is an employer that acquires substantially all of the property used in a trade or business (or a separate unit thereof) of another employer (the previous employer) and immediately after the acquisition, the successor employs in his/her trade or business an individual who was employed immediately prior to the acquisition in the trade or business of the previous employer.

### Line 2

In general, you must reduce your deduction for salaries and wages by the amount on line 2. This is required even if you cannot take the full credit this year and must carry part of it back or forward. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the credit attributable to these costs.

### Line 3

Enter the amount of credit that was allocated to you as a partner, shareholder, patron of a cooperative, or beneficiary.

### Line 5

**Cooperatives.** A cooperative described in section 1381(a) must allocate to its patrons the credit in excess of its tax liability limit. Therefore, to figure the unused amount of the credit allocated to patrons, the cooperative must first figure its tax liability. While any excess is allocated to patrons, any credit recapture applies as if the cooperative had claimed the entire credit.

**Estates and trusts.** Allocate the work opportunity credit on line 4 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries share on line 5.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping** . . . . . 2 hr., 37 min.
- Learning about the law or the form** . . . . . 53 min.
- Preparing and sending the form to the IRS** . . . . . 58 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. See the instructions for the tax return with which this form is filed.



**Credits for Employers Affected by  
Hurricane Katrina, Rita, or Wilma**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

**SECTION A. Employee Retention Credit (see instructions)**

<b>1a</b> Employers affected by Hurricane Katrina, enter the total qualified wages paid or incurred after August 28, 2005, and before January 1, 2006, while the business was inoperable . . . . .				
<b>1b</b> Employers affected by Hurricane Rita, enter the total qualified wages paid or incurred after September 23, 2005, and before January 1, 2006, while the business was inoperable . . . . .				
<b>1c</b> Employers affected by Hurricane Wilma, enter the total qualified wages paid or incurred after October 23, 2005, and before January 1, 2006, while the business was inoperable . . . . .				
<b>1d</b> Add amounts from lines 1a, 1b, and 1c . . . . .				
<b>2</b> Enter 40% of line 1d. You must subtract this amount from your deduction for salaries and wages . . . . .			<b>2</b>	
<b>3</b> Employee retention credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .			<b>3</b>	
<b>4</b> <b>Current year credit.</b> Add lines 2 and 3. Report this amount on the applicable line of Form 3800. If you have a credit from Section B, see instructions. S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions . . . . .			<b>4</b>	

**SECTION B. Hurricane Katrina Housing Credit (see instructions)**

<b>5</b> Enter the value (up to \$600 per month per employee) of qualified lodging furnished in-kind to qualified employees during the tax year from January 1, 2006, through July 1, 2006 (see instructions) . . . . .			<b>5</b>	
<b>6</b> Enter 30% of line 5. You must subtract this amount from your deduction for salaries and wages . . . . .			<b>6</b>	
<b>7</b> Hurricane Katrina housing credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .			<b>7</b>	
<b>8</b> <b>Current year credit.</b> Add lines 6 and 7. Report this amount on the applicable line of Form 3800. If you have a credit from Section A, see instructions. S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions . . . . .			<b>8</b>	

## Purpose of Form

An eligible employer who conducted an active trade or business in the Gulf Opportunity (GO) Zone, the Rita GO Zone, or the Wilma GO Zone (defined below) may claim the employee retention credit. The credit is equal to 40% of qualified wages paid before January 1, 2006, for each eligible employee (up to a maximum of \$6,000 in qualified wages per employee). See *Employee Retention Credit* below. The employer must use Form 5884-A to figure the credit.

A qualified employer may also claim the Hurricane Katrina housing credit. This credit is equal to 30 percent of the value (up to \$600 per month, per employee) of in-kind lodging furnished from January 1, 2006, through July 1, 2006, to a qualified employee which is excluded from the employee's income. See *Employer Credit for Housing Employees Affected by Hurricane Katrina* below. The employer must use Form 5884-A to figure the credit.

The employee retention credit and the Hurricane Katrina housing credit are part of the general business credit claimed on Form 3800, *General Business Credit*. No portion of the unused business credit attributable to the Hurricane Katrina housing credit may be carried back to any tax year before 2005. However, you may be able to carry the unused portion forward. See the instructions for Form 3800 for details.

You can claim or elect not to claim the credits any time within 3 years from the due date of your tax return (excluding extensions) on either your original or an amended return.

## General Instructions

### Employee Retention Credit

#### Employers Affected by Hurricane Katrina

**Eligible employer.** For this purpose, an eligible employer is any employer who conducted an active trade or business on August 28, 2005, in the GO Zone, and whose trade or business was inoperable on any day after August 28, 2005, and before January 1, 2006, because of damage sustained from Hurricane Katrina.

**Eligible employee.** For this purpose, an eligible employee is an employee whose principal place of employment on August 28, 2005, with such eligible employer, was in the GO Zone.

**Caution.** *An employee is not an eligible employee for purposes of Hurricane Katrina if the employee is treated as an eligible employee for purposes of the work opportunity credit or for purposes of either the Hurricane Rita or the Hurricane Wilma employee retention credit.*

#### Employers Affected by Hurricane Rita

**Eligible employer.** For this purpose, an eligible employer is any employer who conducted an active trade or business on September 23, 2005, in the Rita GO Zone, and whose trade or business was inoperable on any day after September 23, 2005, and before January 1, 2006, because of damage sustained from Hurricane Rita.

**Eligible employee.** For this purpose, an eligible employee is an employee whose principal place of employment on September 23, 2005, with such eligible employer, was in the Rita GO Zone.

**Caution.** *An employee is not an eligible employee for purposes of Hurricane Rita if the employee is treated as an eligible employee for purposes of the work opportunity credit or for purposes of either the Hurricane Katrina or the Hurricane Wilma employee retention credit.*

#### Employers Affected by Hurricane Wilma

**Eligible employer.** For this purpose, an eligible employer is any employer who conducted an active trade or business on October 23, 2005, in the Wilma GO Zone, and whose trade or business was inoperable on any day after October 23, 2005, and before January 1, 2006, because of damage sustained from Hurricane Wilma.

**Eligible employee.** For this purpose, an eligible employee is an employee whose principal place of employment on October 23, 2005, with such eligible employer, was in the Wilma GO Zone.

**Caution.** *An employee is not an eligible employee for purposes of Hurricane Wilma if the employee is treated as an eligible employee for purposes of the work opportunity credit or for purposes of either the Hurricane Katrina or the Hurricane Rita employee retention credit.*

### GO Zones

Areas in a "GO Zone" are areas determined by the President to warrant individual or individual and public assistance, from the federal government because of Hurricane Katrina, Rita, or Wilma.

#### Hurricane Katrina GO Zone

*The following counties and parishes are in the Hurricane Katrina GO Zone.*

**Alabama.** Baldwin, Choctaw, Clarke, Greene, Hale, Marengo, Mobile, Pickens, Sumter, Tuscaloosa, and Washington.

**Louisiana.** Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana.

**Mississippi.** Adams, Amite, Attala, Choctaw, Claiborne, Clarke, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Holmes, Humphreys, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston, and Yazoo.

**Rita GO Zone**

The following counties and parishes are in the Rita GO Zone.

**Louisiana.** Acadia, Allen, Ascension, Beauregard, Calcasieu, Cameron, Evangeline, Iberia, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Plaquemines, Sabine, St. Landry, St. Martin, St. Mary, St. Tammany, Terrebonne, Vermilion, Vernon, and West Baton Rouge.

**Texas.** Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker.

**Wilma GO Zone**

The following counties are in the Wilma GO Zone.

**Florida.** Brevard, Broward, Collier, Glades, Hendry, Indian River, Lee, Martin, Miami-Dade, Monroe, Okeechobee, Palm Beach, and St. Lucie.

**Employer Credit for Housing Employees Affected by Hurricane Katrina**

For purposes of the Hurricane Katrina housing credit, the following apply.

**Qualified employer.** A qualified employer is any employer with a trade or business located in the GO Zone that was affected by Hurricane Katrina.

**Qualified employee.** A qualified employee is an individual who had a principal residence in the GO Zone on August 28, 2005, and who performs substantially all employment services in the GO Zone for the qualified employer. The employee cannot be related to you.

**Qualified lodging.** Qualified lodging is lodging furnished in-kind to a qualified employee (and to the employee's spouse or dependents) by or on behalf of the qualified employer from January 1, 2006, through July 1, 2006. Qualified lodging is excluded from the employee's income. However, the amount excluded is treated as wages for purposes of FICA and FUTA tax.

**Specific Instructions**

Use Section A to figure the employee retention credit. Use Section B to figure the Hurricane Katrina housing credit.

**Section A. Employee Retention Credit**

**Qualified wages.** Qualified wages are wages you paid to or incurred for eligible employees on any day after August 28, 2005, in the case of Hurricane Katrina (after September 23, 2005, in the case of Hurricane Rita, and after October 23, 2005, in the case of Hurricane Wilma) and before January 1, 2006, during the period beginning on the date your trade or business first became inoperable at the employee's principal place of employment immediately before the applicable hurricane, and ending on the date your trade or business resumed significant operations at that place.

The amount of qualified wages that may be taken into account is limited to \$6,000 per employee. This includes wages paid whether the employee performs no services, performs services at a place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed.

Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). Qualified wages also include amounts you paid for medical or hospitalization expense in connection with sickness or accident disability. Qualified wages do not include wages paid to your dependent or wages paid to an employee related to you.

For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes are qualified wages.

Qualified wages for any employee must be reduced by the amount of any work supplementation payment you received under the Social Security Act for the employee.

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified wages giving rise to the group's employee retention credit. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 2.

**Line 1**

Enter the total qualified wages (defined above) paid or incurred. Do not enter more than \$6,000 for each qualified employee.

**Line 2**

In general, you must reduce your deduction for salaries and wages by the amount on line 2. You must make this reduction even if you cannot take the full credit this year because of the tax liability limit on Form 3800. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the amount of the credit attributable to these costs.

**Line 3**

Enter the amount of credit allocated to you as a shareholder, beneficiary, partner, or patron of a cooperative.

**Line 4**

Report the current year credit on Form 3800, except for the entities that report as indicated below. If you also have a Hurricane Katrina housing credit from line 8, combine that amount with the amount on line 4 and enter the total on Form 3800.

**S corporations and partnerships.** Report the amount from line 4 on Schedule K.

**Estates and trusts.** Allocate the credit on line 4 between the estate or trust and beneficiaries in proportion to the income allocable to each. On the dotted line next to line 4, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount on Form 3800 to figure the credit to claim on Form 1041.

**Cooperatives.** A cooperative described in section 1381(a) must allocate to its patrons the credit in excess of its tax liability limit. Therefore, to figure the unused amount of the credit allocated to patrons, the cooperative must first figure its tax liability. While any excess is allocated to patrons, any credit recapture applies as if the cooperative had claimed the entire credit.

**Regulated investment companies and real estate investment trusts.** Reduce the allowable credit to the company's or trust's ratable share of the credit.

**Section B. Hurricane Katrina Housing Credit**

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified lodging giving rise to the group's Hurricane Katrina housing credit. Enter your share of the credit on line 6. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 6.

**Line 5**

Enter the value of qualified lodging furnished in-kind to qualified employees between January 1, 2006, and July 1, 2006. Do not enter more than \$600 per month, per employee.

**Line 7**

Enter the amount of credit allocated to you as a shareholder, beneficiary, partner, or patron of a cooperative.

**Line 8**

Report the current year credit on Form 3800, except for the entities that report as indicated below. If you also have an employee retention credit on line 4, combine that amount with the amount on line 8 and enter the total on Form 3800.

**S corporations and partnerships.** Report the amount from line 8 on Schedule K.

**Estates and trusts.** Allocate the credit on line 8 between the estate or trust and beneficiaries in proportion to the income allocable to each. On the dotted line next to line 8, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount on Form 3800 to figure the credit to claim on Form 1041.

**Cooperatives.** A cooperative described in section 1381(a) must allocate to its patrons the credit in excess of its tax liability limit. Therefore, to figure the unused amount of the credit allocated to patrons, the cooperative must first figure its tax liability. While any excess is allocated to patrons, any credit recapture applies as if the cooperative had claimed the entire credit.

**Regulated investment companies and real estate investment trusts.** Reduce the allowable credit to the company's or trust's ratable share of the credit.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

<b>Recordkeeping</b> . . . . .	3 hr., 6 min.
<b>Learning about the law or the form</b> . . . . .	24 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	27 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. See the instructions for the tax return with which this form is filed.

## Welfare-to-Work Credit

OMB No. 1545-1589

▶ Attach to your tax return.

Attachment  
Sequence No. **107**

Name(s) shown on return

Identifying number

<p><b>1</b> Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who began work for you before the date in the instructions, and are certified as long-term family assistance recipients.</p> <p><b>a</b> Qualified first-year wages . . . . . \$ ..... × 35% (.35)</p> <p><b>b</b> Qualified second-year wages . . . . . \$ ..... × 50% (.50)</p> <p><b>2</b> Add lines 1a and 1b. See instructions for the adjustment you must make for salaries and wages</p> <p><b>3</b> Welfare-to-work credit from partnerships, S corporations, cooperatives, estates, and trusts . . . . .</p> <p><b>4</b> Add lines 2 and 3. Cooperatives, estates, and trusts, go to line 5; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on the applicable line of Form 3800 (e.g., line 1c of the 2006 Form 3800) . . . . .</p> <p><b>5</b> Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions) . . . . .</p> <p><b>6</b> Cooperatives, estates, and trusts, subtract line 5 from line 4. Report the amount on the applicable line of Form 3800 (e.g., line 1c of the 2006 Form 3800) . . . . .</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; text-align: center;"><b>1a</b></td><td style="width: 20px;"></td><td style="width: 20px;"></td></tr> <tr><td style="text-align: center;"><b>1b</b></td><td></td><td></td></tr> <tr><td style="text-align: center;"><b>2</b></td><td></td><td></td></tr> <tr><td style="text-align: center;"><b>3</b></td><td></td><td></td></tr> <tr><td style="text-align: center;"><b>4</b></td><td></td><td></td></tr> <tr><td style="text-align: center;"><b>5</b></td><td></td><td></td></tr> <tr><td style="text-align: center;"><b>6</b></td><td></td><td></td></tr> </table>	<b>1a</b>			<b>1b</b>			<b>2</b>			<b>3</b>			<b>4</b>			<b>5</b>			<b>6</b>		
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### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### What's New



The Tax Relief and Health Care Act of 2006 extended the welfare-to-work credit to cover employees who begin work for the employer before January 1, 2008. However, after December 31, 2006, the welfare-to-work credit will be unified with the work opportunity credit. Because of these changes, this form should not be used to calculate a credit for any employee hired after December 31, 2006. For 2007 and later, section 51 has been amended, and section 51A has been repealed. To calculate a credit for any employee hired after December 31, 2006, use Form 5884, Work Opportunity Credit. For more information on these changes, see Publication 553, Highlights of 2006 Tax Changes.

The tax liability limit is no longer figured on this form; instead, it must be figured on Form 3800, General Business Credit.

Taxpayers that are not partnerships, S corporations, cooperatives, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1c of Form 3800.

The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

#### Purpose of Form

Use Form 8861 to claim the welfare-to-work credit for wages you paid to or incurred for long-term family assistance recipients during the tax year. The credit is 35% of qualified first-year wages and 50% of qualified second-year wages paid or incurred during the tax year.

You can claim or elect not to claim the welfare-to-work credit any time within 3 years from the due date of your return on either your original return or on an amended return.

### How To Claim the Credit

To claim the welfare-to-work credit, you must request and be issued a certification for each employee from the state employment security agency (SESA). The certification proves that the employee is a long-term family assistance recipient. You must receive the certification by the day the individual begins work, or you must complete Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits, on or before the day you offer the individual a job.

If you complete Form 8850, it must be signed by you and the individual and submitted to the SESA by the 21st calendar day after the individual begins work. If the SESA denies the request, it will provide a written explanation of the reason for denial. If a certification is revoked because it was based on false information provided by the worker, wages paid after the date you receive the notice of revocation do not qualify for the credit.

**Long-term family assistance recipient.** An employee may be certified as a long-term family assistance recipient if the employee is a member of a family that:

- Received assistance payments from Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hiring date,
- Received assistance payments from TANF for any 18 months (whether or not consecutive) beginning after August 5, 1997, and the employee is hired not more than 2 years after the end of the earliest 18-month period, or
- After August 5, 1997, stopped being eligible for assistance payments from TANF because federal or state law limits the maximum period such assistance is payable, and the employee is hired not more than 2 years after the date the eligibility for such assistance ended.

**Member of controlled group or business under common control.** For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52(a)) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit based on your proportionate share of qualified wages giving rise to the

group's welfare-to-work credit. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See attached" next to the entry space for line 2.

**Additional Information**

For more details, see Pub. 954, Tax Incentives for Distressed Communities, and section 51A.

**Specific Instructions**

**Lines 1a and 1b**

Enter on the applicable line and multiply by the percentage shown the total qualified first-year or second-year wages paid or incurred to employees certified as long-term family assistance recipients. Qualified first-year wages are qualified wages you paid or incurred for work performed during the 1-year period beginning on the date the certified individual begins work for you. Qualified second-year wages are qualified wages you paid or incurred for work performed during the 1-year period beginning on the day after the last day of the first-year wage period. The amount of qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account for any employee is limited to \$10,000 per year.

**Qualified Wages**

Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, that employee's wages subject to social security and Medicare taxes are qualified wages. For a special rule that applies to railroad employees, see section 51(h)(1)(B). Qualified wages for any employee must be reduced by the amount of any work supplementation payments you received under the Social Security Act for the employee.

Qualified wages also include the following amounts you paid or incurred for the employee that are excludable from the employee's gross income.

- Premiums and other amounts you paid or incurred under an accident and health plan excluded under section 105 or 106 (the amount must be based on the reasonable cost of coverage, but may not exceed the "applicable premium" under section 4980B(f)(4)).
- Educational assistance excluded under section 127, if paid or incurred to a person not related to the employer.
- Dependent care benefits excluded under section 129.

The amount of qualified wages for any employee is zero if:

- The employee did not work for you for at least 400 hours or 180 days,
- The employee worked for you previously,
- The employee is your dependent,
- The employee is related to you (see section 51(i)(1)), or
- 50% or less of the wages the employee received from you were for working in your trade or business.

Qualified wages do not include:

- Wages paid to any employee during any period for which you received payment from a federally funded on-the-job training program, and
- Wages for services of replacement workers during a strike or lockout at a plant or facility.

**Successor employer.** For successor employers, the 1-year period begins on the date the employee first began work for the previous employer and any qualified first-year wages paid

by the successor employer are reduced by the qualified first-year wages paid by the previous employer. See section 51(k)(1) and Regulations section 1.51-1(h).

A successor employer is an employer that acquires substantially all of the property used in a trade or business (or a separate unit thereof) of another employer (the previous employer) and immediately after the acquisition the successor employs in his/her trade or business an individual who was employed immediately prior to the acquisition in the trade or business of the previous employer.

**Line 2**

In general, you must reduce your deduction for salaries and wages by the amount on line 2. This is required even if you cannot take the full credit this year and must carry part of it back or forward. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the credit attributable to these costs.

**Line 3**

Enter the amount of credit that was allocated to you as a partner, shareholder, patron of a cooperative, or beneficiary.

**Line 5**

**Cooperatives.** A cooperative described in section 1381(a) must allocate to its patrons the credit in excess of its tax liability limit. Therefore, to figure the unused amount of the credit allocated to patrons, the cooperative must first figure its tax liability. While any excess is allocated to patrons, any credit recapture applies as if the cooperative had claimed the entire credit.

**Estates and trusts.** Allocate the welfare-to-work credit on line 4 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries share on line 5.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

<b>Recordkeeping</b> . . . . .	2 hr., 37 min.
<b>Learning about the law or the form</b> . . . . .	1 hr., 17 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 23 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. See the instructions for the tax return with which this form is filed.



Texas Workforce Commission  
WOTC Unit  
101E. 15th Street, Room 332T  
Austin, Texas 78778-0001