

# Work Opportunity Tax Credit

## What is Work Opportunity Tax Credit?

The Work Opportunity Tax Credit is a federal income tax benefit administered by the U.S. Department of Labor, for private, for-profit employers who hire from target populations. The Work Opportunity Tax Credit reduces a business' federal tax liability, serving as an incentive to select job candidates who may be somewhat disadvantaged in their efforts to find employment.

Certain tax-exempt organizations may qualify by hiring from a veteran target group. The Work Opportunity Tax Credit reduces a business's payroll taxes, serving as an additional incentive to select veterans as job candidates.

## How does the program help employers?

Hiring from a select group of qualified job seekers can result in federal tax savings for your business ranging from \$1,200 to \$9,600 per qualifying employee.

“

Our company saved \$114,000 on our federal income taxes last year by hiring 85 qualifying employees to work in our restaurants.

”

Joseph Hicks, CPA, Wright Foods



## For more information

1-800-695-6879  
twc.texas.gov/wotc



A proud partner of the [AmericanJobCenter](#) network

Equal Opportunity Employer/Program Auxiliary aids and services are available upon request to individuals with disabilities.

Relay Texas: 800-735-2989 (TTY) and 711 (Voice).

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**Earn tax credits for your business while helping Texans become financially independent**

## How do employers take advantage of the tax savings?

Hire individuals from one or more of the identified target groups. You don't have to know what group your new hire falls into. Texas Workforce Commission will verify eligibility.

**Step 1:** Complete IRS Form 8850 and ETA Form 9061.

OR complete IRS Form 8850 and ETA Form 9062 provided to the job seeker.

**Step 2:** Submit the forms to Texas Workforce Commission.

Three ways to submit:

- Email forms to: [wotc@twc.texas.gov](mailto:wotc@twc.texas.gov)
- Fax forms to: 512-524-9124
- Mail forms to:

Texas Workforce Commission  
Work Opportunity Tax Credit Unit  
101 E. 15th St., Room 252T  
Austin, TX 78778-0001

Note: Forms must be emailed, faxed, or postmarked within 28 days of the employee's start date.

All forms and instructions are available online at: [twc.texas.gov/wotc](http://twc.texas.gov/wotc)

## Which individuals qualify employers for the Work Opportunity Tax Credit?

**For up to a \$1,200 tax credit:**

- **Summer Youth** – a 16- to 17-year-old who works for an employer between May 1 and September 15 and lives in an empowerment zone.

**For up to a \$2,400 tax credit:**

- **Long-Term Unemployment Recipients** – an individual who has been unemployed for no less than 27 consecutive weeks at the time of hiring and who received unemployment compensation during some or all of the unemployment period.
- **Supplemental Nutritional Assistance Program (SNAP) benefit recipients** – any 18- to 39-year-old who is a member of a family that has received SNAP benefits (formerly known as food stamps) for the six-month period ending on the hire date.

- **Temporary Assistance for Needy Families (TANF) recipients** – someone who is a member of a family that has received TANF benefits for any nine of the 18 months ending on the hire date.
- **Ex-felons** – a convicted felon who is hired within the year of the conviction or release date ending on the hire date.
- **Residents of empowerment zones or rural renewal counties** – Any 18- to 39-year-old who lived in a designated empowerment zone or rural renewal county when hired.
- **Vocational rehabilitation referrals** – an individual who was referred by a rehabilitation agency or an employment network approved by the State of Texas or the U.S. Department of Veterans Affairs.
- **Supplemental Security Income (SSI) recipients** – an individual who has received SSI benefits within the 60 days ending on the hire date.

**For up to a \$9,000 tax credit over a two-year period:**

- **Long Term Family Assistance recipients** – a member of a family that has received TANF benefits for at least 18 consecutive months ending on the hire date.



## Veterans qualify employers for the Work Opportunity Tax Credit

- Veteran status is defined as a member of the Armed Forces that has served a minimum 180 days in active duty.
- Disabled veteran groups require submission of the Disability Rating Letter demonstrating a service-related disability of at least 10% (no 180 days requirement for this target group).

**For up to a \$2,400 tax credit:**

- **Veterans receiving Supplemental Nutritional Assistance Program (SNAP) benefits**
- **Unemployed Veterans** – Unemployed totaling at least 4 weeks (whether or not consecutive) but less than 6 months in the 1-year period ending on the hire date.

**For up to a \$4,800 tax credit:**

- **Disabled veterans** – a veteran who has a service-connected disability of at least 10 percent and was hired no later than one year after being released from active duty.

**For up to a \$5,600 tax credit:**

- **Unemployed Veterans** – unemployed at least 6 months (whether or not consecutive) in the 1-year period ending on the hire date.

**For up to a \$9,600 tax credit over a two-year period:**

- **Disabled Veterans** – unemployed for periods of time totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hire date.

Within each qualifying population there are additional requirements for the Work Opportunity Tax Credit eligibility. Former employees, majority business owners and their relatives or dependents will not qualify their employer for the tax credit. For more information, including the specific qualifications for each target group and how to calculate the tax credit, visit: [twc.texas.gov/wotc](http://twc.texas.gov/wotc)