

# Work Opportunity Tax Credit

## State of Nebraska

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers for hiring individuals who have historically faced barriers to employment. The WOTC program empowers eligible individuals to transition from economic dependency into self-sufficiency, as they earn a steady income and become contributing taxpayers, and participating employers are able to reduce their income tax liability while meeting recruitment needs.

WOTC can reduce an employer's federal income tax liability an average of \$2,400 per eligible individual hired and up to \$9,600. Nationally, employers claim about \$1 billion in tax credits each year under the WOTC program.

There is no limit to the number of individuals an employer can hire to qualify to claim the tax credit, and there are only a few simple steps to apply for the Work Opportunity Tax Credit(s). Eligible individuals must be new hires and may include individuals who qualify under the following categories:

- Qualified IV-A Recipient (Short-term TANF)
- Qualified Veteran
- Ex-Felon (must be released or on work release within 1 year of the hire date)
- Designated Community Residents (RRC – Rural Renewal Counties)
- Vocational Rehabilitation and Ticket to Work Recipients
- Supplemental Nutrition Assistance Program (SNAP) Recipient
- Supplemental Security Income (SSI) Recipient
- Long-Term Family Assistance Recipient (Long-term TANF)
- Qualified Long-Term Unemployment Recipient

For more information on the eligibility criteria, please visit: <https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit>

### **Agent Representatives: Power of Attorney Forms**

Agents representing employers must submit power of attorney form 2848 or the Declaration of Representation form 9198 to: [NDOL.WOTC@nebraska.gov](mailto:NDOL.WOTC@nebraska.gov). Power of attorney form 2848 must be current and notarized.

### **Step One: Create an Online Account**

In order to receive Work Opportunity Tax Credit(s), employers must request an online account with their direct business contact information by visiting the Nebraska Department of Labor website: <https://dol.nebraska.gov/Forms/WOTCUserApplicationForm>

\*\*\*Note: If you receive a message stating "404 not found" – please disregard – your submission was received by our team and we are verifying your business entity.

Once an employer account is created, a notification email will be sent to the email address listed on the submitted user account application form. All future email notifications, will be sent to the email address submitted when creating the online account. If no contact person has been established, email

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notifications will be sent to the first individual to register your organization in the system.

### **Step Two: Complete the Required ETA 8850 and IRS 9061 Forms**

Both forms, below, must be completed and electronically submitted within 28 calendar days from the hire date of the individual, of which the deadline is 12:00 AM (midnight) central time on the 28<sup>th</sup> calendar day. We encourage employers to submit the forms by Friday if the 28<sup>th</sup> day occurs during the weekend.

1. **IRS Form 8850:** Complete page 1 of the *Pre-Screening Notice and Certification Request for the Work Opportunity Credit* by the date of the job offer and complete page 2 of the IRS Form 8850 after the individual is hired. All requested information must be completed.

We encourage employers to document the electronically assigned application/control number corresponding to each form electronically submitted.

2. **ETA Form 9061:** Individual Characteristics Form (both sides). All requested information must be completed.

### **Step Three: Submit Supportive Documentation**

Employers have seven (7) business days from the date of the online submission to upload supporting documentation. After seven (7) business days, employers must await a determination letter and attach the supporting documentation to the letter to submit an appeal in order to have the supportive documentation reviewed and the determination reconsidered. Employers have one (1) calendar year from the date of the determination letter to submit an appeal.

### **Step Four: Document Retention**

Employers should retain IRS Form 8850 and ETA Form 9061 for each applicant for your records for auditing purposes. Please consult with your tax preparer for additional guidance on this step.

For additional assistance, please contact: [NDOL.WOTC@nebraska.gov](mailto:NDOL.WOTC@nebraska.gov)

### **Filing an Appeal**

Employers have one (1) calendar year from the date of the determination letter to submit an appeal.

### **Filing Taxes**

Please contact your tax accountant or the IRS.

For more Information, please visit the WOTC Federal website: <https://www.doleta.gov/business/incentives/opptax/>