

# Calculate WOTC

The amount of the tax credit is based on a percentage of qualified wages paid to the new employee for the first year of employment only. Generally, qualified wages are capped at \$6,000. The credit is 25% of qualified wages working 120-399 hours, and 40% for those working 400 or more hours. The tax credit can be up to \$9,600.

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

**FOR SERVICE CONNECTED DISABLED VETERANS**, the tax credit can be up to \$4,800 with qualified wages capped at \$12,000.

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

**FOR VETERANS** unemployed for at least six months, wages are capped at \$14,000 and the credit is \$5,600.



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# Apply for WOTC

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

Submit your applications online within 28 days after the new hire's start date.

This allows you to complete the IRS Form 8850, Pre-Screening Notice and Certification and the U.S. Department of Labor ETA Form 9061 eliminating costly and cumbersome mailing criteria.

Submit online at [wotc.cdle.org](http://wotc.cdle.org)

# THE WORK OPPORTUNITY TAX CREDIT

[colorado.gov/cdle/taxcredits](http://colorado.gov/cdle/taxcredits)



## For additional information

Contact any workforce center or visit:



[colorado.gov/cdle/taxcredits](http://colorado.gov/cdle/taxcredits)

## A tax reduction for employers!

How employers can earn a federal income tax credit by hiring American workers.

# WOTC

## THE WORK OPPORTUNITY TAX CREDIT

WOTC reduces an employer's cost of doing business because:

- Employers make the hiring decision.
- There is no limit to the number of new hires who can qualify the employer for the tax savings.
- There is minimal paperwork needed to claim WOTC.

### For More Information

Contact a Colorado WOTC representative:

[cdle\\_wotc@state.co.us](mailto:cdle_wotc@state.co.us)  
[colorado.gov/cdle/taxcredits](http://colorado.gov/cdle/taxcredits)



**COLORADO**  
Department of  
Labor and Employment

## What New Hires Can Qualify Employers for WOTC?

WOTC applies to new hires that began work after January 1, 2006 belonging to any of the following nine priority groups.

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

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

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

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

## VOCATIONAL REHABILITATION REFERRALS

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

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

## LONG-TERM UNEMPLOYMENT RECIPIENTS

An Individual who is in a period of unemployment that is at least 27 consecutive weeks and for all or part of that period received unemployment compensation.

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

## DESIGNATED COMMUNITY RESIDENTS

An individual who lives in a Rural Renewal County.

### Some employees DO NOT qualify for WOTC

- **RELATIVES** or **DEPENDENTS**
- **MAJORITY OWNERS** of the employer
- **FORMER EMPLOYEES**