

Questions and Answers about Work Opportunity Tax Credit (WOTC)

- Q. What is the Work Opportunity Tax Credit (WOTC)?
- A. WOTC (pronounced “WATT-see”) is a US government tax credit which businesses may receive for hiring certain eligible workers. If a business receives a WOTC credit they may claim it on a federal income tax return and pay less tax. WOTC credits are often between \$2400 (the most common amount) and \$9600 (the rarest amount) per qualifying employee hired. On average, employers certified for WOTC credits are certified for up to about \$2500 per employee hired.
- Q. I haven’t heard much about WOTC before. Am I right to think Oregon employers don’t use WOTC much?
- A. Actually, Oregon employers use WOTC a lot. Oregon employers filed over 53,000 applications for WOTC credits for employees they hired during 2015 and another 56,000-plus applications for WOTC credits for employees they hired during 2016. If those applications get approved at normal rates, Oregon employers will receive up to \$66 million in WOTC credits for hires made during 2015 and up to another \$70 million-plus in WOTC credits for hires made during 2016. WOTC credits offer a dollar-for-dollar reduction in federal income taxes, so Oregon employers will potentially get up to \$136 million back in their wallets for hires they made in 2015 and 2016.
- Q. What businesses can use WOTC?
- A. Any business that pays federal income taxes and hires employees can use WOTC. Also, some non-profit organizations can use WOTC under certain conditions (consult a tax advisor). There is no limit to how many WOTC credits a business can apply for in one year.
- Q. Is there anything businesses might not like about WOTC?
- A. 1. It’s a government program. Some businesses don’t like any government programs.
2. There’s some paperwork to fill out.
3. There is a fast application deadline. Employers who want to apply for WOTC must submit the application within 28 calendar days of the new employee’s first day on the job (NOTE: Even if there is an OJT program involved, the employer must still file the WOTC application within 28 calendar days of the new employee’s first day of work).
4. Sometimes a WOTC credit takes a long time to be approved.
5. On average, only about 50% of all WOTC applications submitted get approved.
- Q. So what do businesses especially like about WOTC?
- A. 1. Money back in their pockets. Many Oregon businesses receive **tens of thousands of dollars** every year via WOTC (Who? Just ask me...sort of).
2. The paperwork is simple. The WOTC application requires only two pieces of paper to fill out (Form 8850 and Form 9061).
3. WOTC processing times have gotten shorter in the last year. We’ve converted to a new online application system and computerized processing. In some cases a WOTC application can be approved in one or two days.

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4. Nobody stands over the employer's shoulder telling them what to do or who to hire.
5. You don't have to be a WOTC expert to use WOTC. Just fill out the forms and follow the directions.
6. In the past Congress has often extended WOTC for only two years at a time. The most recent extension, however, extends WOTC through December 31, 2019, so employers can feel very confident using WOTC.

Q. WOTC sounds like a great benefit for an employer. Can I tell employers about it?

- A.
1. Yes! You can find a WOTC informational flyer on the US Dept of Labor website at https://www.doleta.gov/business/incentives/opptax/PDF/employers_wotc_program_brochure_5_24_12.pdf
 2. You can also find information at the Oregon Employment Department website by going to OregonTaxCredit.org
 3. I will also email Tammy Guest a .pdf copy of the DOL flyer (document name is WOTC_Program_Brochure.pdf) and a .jpg copy of an Oregon summary card (document name is WOTC Brochure Blue 001.jpg).

Q. Can I also tell job-seekers about WOTC?

- A. Yes! It is sometimes a little difficult to explain to a job-seeker exactly how to market possible WOTC eligibility to an employer. If done right, though, possible WOTC eligibility may help motivate an employer to hire a certain applicant.

Did anything on this page raise questions? Please contact us and ask any WOTC questions you like. You can reach us by phone or email:

- To reach Cheryl, or for general WOTC inquiries: (503) 947-1670
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