

Work Opportunity Tax Credit (WOTC) Expanded to Benefit Rural Employees

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Overview

On May 25, 2007, the President signed into law the Small Business and Work Opportunity Act (Act).¹ The Act makes several amendments to the WOTC (I.R.C. §51), but perhaps the most important change to the WOTC from agriculture's standpoint is that the WOTC now has expanded application for employers that hire new employees in a "rural renewal county."

The WOTC

For many years, federal tax law has provided employers with a tax credit for hiring disadvantaged workers such as those that qualify for food stamps or SSI recipients.² The credit is fairly significant – generally, a maximum of \$2,400 for each eligible employee that is hired (credit of 40 percent of the first \$6,000 of wages paid to an eligible employee that works for at least 400 hours during the first year of employment). But, a significant problem with the credit has been that the type of eligible employee required by the statute is often not available for the type of employment that exists in many small towns and rural areas. That issue has been addressed by the Act.

Credit Available for Hiring A "Designated Community Resident" Living in a "Rural Renewal County"

The Act amends the WOTC to expand its availability to businesses in rural communities that hire a "designated community resident."³ That's a

person who is at least 18 years of age, but under age 40 as of the date they are hired and who has their principal place of residence established in a "rural renewal" area - a county outside of a metropolitan statistical area that has experienced net population declines from 1990-1994 and 1995-1999.⁴ IRS has identified 31 states that have counties with the required population decline on page four of the instructions to Form 8850. The following 30 Iowa counties are designated as "rural renewal counties":

- 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
- Worth

Other Eligibility Requirements

For an employer to claim the credit, an employee must also be certified at or near the time of hire by the state workforce agency for the employer's location. If the employee is not certified at the time of being hired, an employer has only 28 days after the employee begins working to submit a certification request to the state workforce agency via IRS Form 8850. Once the Form is submitted, the agency will send the employer a certification letter. In addition to filing Form 8850, the employer must file either an ETA Form 9062 (Conditional Certification Form) or an ETA Form 9061 (Individual Characteristics Form) with the employer's state WOTC coordinator for the state workforce agency. In addition, a copy of the employee's signed Iowa Form W-4 must also be submitted. This document contains both date of birth and address information necessary to process the application.

Note: The actual county of residence can be an issue in situations where a community straddles county lines.

For Iowa, submission should be made to the following:

Jeanne Sorenson
 State WOTC Program Coordinator
 150 Des Moines Street
 Des Moines, IA 50309
 Phone: 515-281-9010

Caution: Do not fax materials. The Iowa Workforce Agency must have original signatures. Also, the 28-day timeframe is determined by postmark.

The employee must have not previously worked for the employer or be the employer's dependent or a related party to the employer, and must work at least 120 hours for any portion of the credit to be claimed. But, the employee need not be a low-income person or be in a disadvantaged category. The employee only needs to reside in a rural renewal county and remain living there until

having been paid \$6,000 wages (for the full credit to be available). Thus, employees at all income levels can qualify the employer for the credit.

A key point for agricultural employers is that wages that can be taken into account for purposes of the credit must be subject to FUTA tax. That means that wages paid in kind (i.e., commodity wages) do not count. However, agricultural wages which are paid in cash (even if not subject to FUTA tax) are eligible for the WOTC under a special rule set forth in I.R.C. §51(h)(1)(A). This section provides that if work performed by an employee during more than one-half of any pay period qualifies as agricultural labor under I.R.C. §3121(g), the first \$6,000 of wages subject to FICA/Medicare taxes will qualify for the WOTC.

Amount of the Credit

For the employer to be entitled to any portion of the credit, the employee must work at least 120 hours over the first 12 months after being hired. If the employee works more than 120 hours, but less than 400 hours during the first year, the credit is 25 percent of the first \$6,000 of wages paid to the employee. For qualified employees that work 400 hours or more, the credit is 40 percent of the first \$6,000 of wages paid.

Claiming the Credit

The employer claims the credit on IRS Form 5884 and attaches it to the employer's income tax return. The credit is a general business credit subject to the 1-year carryback and 20-year carry forward rules for any unused credit.

Late-Year Hires

There is a possible problem with late-in-the-year hires. The credit appears to be based on calendar year wages. As claims are processed, denial or acceptance letters will be issued when the claims are processed by the Iowa Workforce Agency. If accepted, the credit certificate will accompany the acceptance letter. As of November 1, 2007 the Agency was working on applications submitted in July of 2007.

Summary

The re-tooled WOTC, effective for persons hired after May 25, 2007, and before September 1, 2011,

has the potential to be a significant benefit to employers in rural renewal counties. The credit will definitely result in tax reduction when it is claimed. That is the case because the credit, for tax years beginning after 2006, offsets both regular tax and the alternative minimum tax.⁵ The credit will, however, reduce the employer's wages paid deduction that is claimed on Schedule C.

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¹ H.R. 2206, 110th Cong., 1st Sess. 2007. Sec. 8211. Sec. 8211 is part of a larger bill known as the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007.

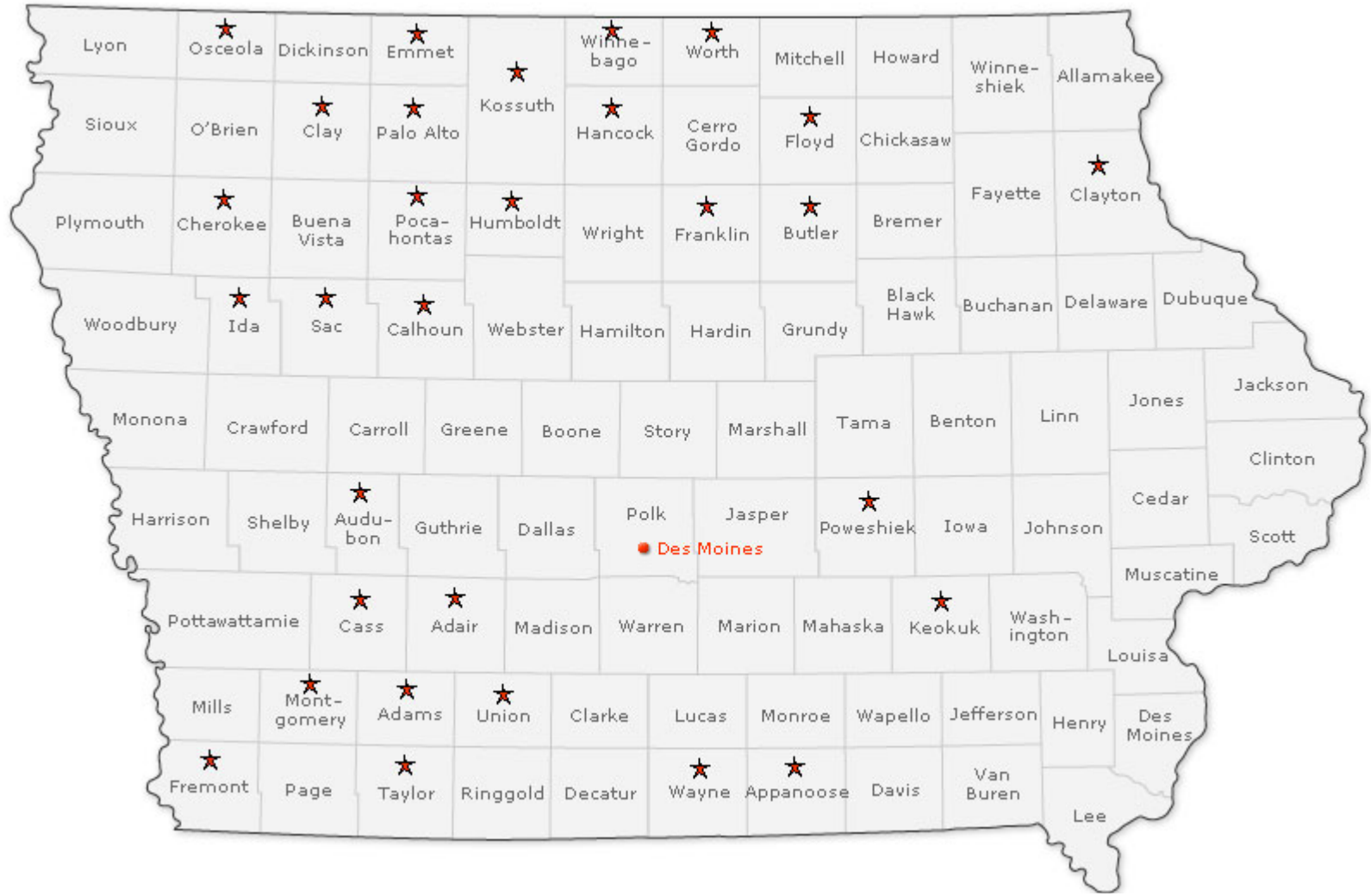
² I.R.C. §51.

³ Act, §8211 (b), amending I.R.C. §51(d).

⁴ Id.

⁵Act. §8214.

Iowa Rural Renewal Counties



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

▶ 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 _____

County _____ 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, 2009, 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 Supplemental Nutrition Assistance Program (SNAP) benefits (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 SNAP benefits (food stamps) for the past 6 months, **or**
 - b Received SNAP benefits (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.
 - I am a veteran and I was discharged or released from active duty in the U.S. Armed Forces during the past 5 years **and**, for at least 4 weeks during the past year, I received unemployment compensation.
 - I am at least age 16 but **not** age 25 or older, **and**:
 - a During the past 6 months, I have not attended a secondary, technical, or post-secondary school for more than an average of 10 hours per week, not counting periods during which the school was closed for scheduled vacations, **and**
 - b During the past 6 months, if I was employed, during each consecutive 3-month period within the past 6 months, I earned less than I would have earned if I had worked for the applicable minimum wage 30 hours every week during the 3-month period, **and**
 - c I do not have a certificate of graduation from a secondary school or a General Education Development (GED) certificate **or** I have a certificate that was awarded at least 6 months ago and I have not held a job (other than occasionally) or been admitted to a technical or post-secondary school since I received the certificate.
- 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 provided the information on 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.

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.

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:

- Recordkeeping3 hrs., 16 min.
Learning about the law or the form46 min.
Preparing and sending this form to the SWA42 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-6526, 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



Department of the Treasury
Internal Revenue Service

(Rev. August 2009)

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 targeted group for Hurricane Katrina employees has been extended to cover certain employees hired after August 27, 2007, and before August 28, 2009.
- For certain veterans who begin work after 2008 and before 2011, a new targeted group has been added for certain unemployed veterans who were discharged or released from active duty in the U.S. Armed Forces during the 5-year period ending on the hiring date and received unemployment compensation for at least 4 weeks during the 1-year period ending on the hiring date. For details, see page 2.
- For individuals who begin work after 2008 and before 2011, a new targeted group has been added for disconnected youth. For details, see page 2.
- For unemployed veterans and disconnected youth (discussed above) hired before September 17, 2009, employers are required to file Form 8850 with the SWA no later than October 17, 2009.
- The food stamp program has been renamed the Supplemental Nutrition Assistance Program (SNAP).
- Parts of Washington, DC will continue to be treated as an empowerment zone until the end of 2009. See page 3.

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 page 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 (by October 17, 2009, for unemployed veterans or disconnected youth hired after 2008 and before September 17, 2009). Although electronic filing of Form 8850 is permitted, at the time these instructions were published, Alabama and Colorado were the only states 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.

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.



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.

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 ending on the hiring date.

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

- A member of a family receiving assistance under the Supplemental Nutrition Assistance Program (SNAP) (food stamps) 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.

Note. Requesting the information in box 4 of Form 8850 is an exception to the Americans with Disabilities Act's prohibition on pre-offer disability-related inquiries. The purpose of this request is to support the hiring of certain disabled veterans, which will entitle the employer to a larger work opportunity credit than the hiring of other targeted group members.

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 at least 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. **Recipient of SNAP benefits (food stamps).** 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 SNAP benefits 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 SNAP benefits 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 4-year period beginning on this date, is hired to perform services principally in the GO Zone. Certification does not apply to this group.

11. **Unemployed veteran.** A veteran hired after 2008 and before 2011 who:

- Has been discharged or released from active duty in the U.S. Armed Forces at any time during the 5-year period ending on the hiring date, and
- Received unemployment compensation under state or federal law for at least 4 weeks during 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.

12. **Disconnected youth.** An individual hired after 2008 and before 2011 who:

- Is at least age 16 but not yet age 25 on the hiring date;
- During the past 6 months, has not attended or has not regularly attended any secondary, technical, or post-secondary school for more than an average of 10 hours per week, not counting periods during which the school was closed for scheduled vacation;
- During each consecutive 3-month period within the past 6 months, was not employed or was employed and earned an amount less than he or she would have earned working for the applicable minimum wage 30 hours every week during the 3-month period; and
- Does not have a certificate of graduation from a secondary school or a General Education Development (GED) certificate **or** has a certificate that was awarded at least 6 months ago and he or she has not held a job (other than occasionally) or been admitted to a technical or post-secondary school since receiving the certificate.

“Minimum wage” means the higher of the federal minimum wage (as defined in 29 U.S.C. 206(a)(1)) or the generally applicable state minimum wage (if any).

“Secondary school” means an institutional day or residential school, including a public secondary charter school, that provides secondary education, as determined under state law, except that the term does not include any education beyond grade 12. A General Education Development (GED) program is not a secondary school for this purpose.

The terms “technical school” and “post-secondary school” mean institutions of higher education as defined in 20 U.S.C. 1001; 1002(a)(1), (b), and (c); and 1059c(b)(3).

Member of a Family

With respect to the qualified IV-A recipient, qualified veteran, recipient of SNAP benefits (food stamps), 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, Vermilion, Washington, West Baton Rouge, and West Feliciana.

Mississippi. The counties of 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.

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/crlocator 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 2009. For details, use the RC/EZ/EC Address Locator at www.hud.gov/crlocator or see Notice 98-57 on page 9 of Internal Revenue Bulletin 1998-47 at 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/crlocator 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/crlocator 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 (ICF)
Work Opportunity Tax Credit**

U.S. Department of Labor
Employment and Training Administration

1. Control No. (For Agency use only)		APPLICANT INFORMATION (See instructions on reverse)	OMB No. 1205-0371
			Expiration Date: November 30, 2011
		2. Date Received (For Agency Use only)	
EMPLOYER INFORMATION			
3. Employer Name		4. Employer Address and Telephone	5. Employer Federal ID Number (EIN)
APPLICANT INFORMATION			
6. Applicant Name (Last, First, MI)		7. Social Security Number	8. Have you worked for this employer before? Yes ___ No ___ If YES, enter last date of employment: _____
APPLICANT CHARACTERISTICS FOR WOTC TARGET GROUP CERTIFICATION			
9. Employment Start Date		10. Starting Wage	11. Position
12. Are you at least age 16, but under age 40? If YES, enter your <i>date of birth</i> _____			Yes ___ No ___
13. Are you a Veteran of the U.S. Armed Forces? If NO, go to Box 14. If YES, are you a member of a family that received Supplemental Nutritional Assistance Program (SNAP) (Food Stamps) benefits for at least a 3-month period during the 15-month period ending on your hire date? If YES, enter name of <i>primary recipient</i> _____ and <i>city and state</i> where benefits were received _____. OR, are you a veteran entitled to compensation for a service-connected disability? If YES, were you discharged or released from active duty within the year before you were hired? OR, were you unemployed for a combined period of at least 6 months during the year before you were hired?			Yes ___ No ___ Yes ___ No ___ Yes ___ No ___ Yes ___ No ___
14. Are you a member of a family that received SNAP (Food Stamps) benefits for the 6-month period before you were hired? OR, received SNAP benefits for at least a 3-month period within the last 5 months But you are no longer receiving them? If YES to either question, enter name of <i>primary recipient</i> _____ and <i>city and state</i> where benefits were received _____.			Yes ___ No ___ Yes ___ No ___

<p>15. Were you referred to an employer by a Vocational Rehabilitation Agency approved by a state? Yes ___ No ___</p> <p>OR, by an Employment Network under the Ticket to Work Program? Yes ___ No ___</p> <p>OR, by the Department of Veterans Affairs? Yes ___ No ___</p>	
<p>16. Are you a member of a family that received Temporary Assistance to Needy Families (TANF) for at least the last 18 months before you were hired? Yes ___ No ___</p> <p>OR, are you a member of a family that received TANF benefits for any 18 months beginning after August 5, 1997, and the earliest 18-month period beginning after August 5, 1997, ended within 2 years before you were hired? Yes ___ No ___</p> <p>OR, did your family stop being eligible for TANF assistance within 2 years before you were hired because a Federal or state law limited the maximum time those payments could be made? Yes ___ No ___</p> <p>If NO, are you a member of a family that received TANF assistance for any 9 months during the 18-month period before you were hired? Yes ___ No ___</p> <p>If YES, to any question, enter name of <i>primary recipient</i> _____ and the <i>city and state</i> where benefits were received _____.</p>	
<p>17. Were you convicted of a felony or released from prison after a felony conviction during the year before you were hired? Yes ___ No ___</p> <p>If YES, enter <i>date of conviction</i> _____ and <i>date of release</i> _____.</p> <p>Was this a Federal ___ or a State ___ conviction? (Check one)</p>	
<p>18. Do you live, and plan to continue living, in an Empowerment Zone or Renewal Community? Yes ___ No ___</p> <p>OR, in a Rural Renewal County (RRC)? Yes ___ No ___</p> <p>If YES, enter <i>name of the RRC</i>: _____</p>	
<p>19. Did you receive Supplemental Security Income (SSI) benefits for any month ending within 60 days before you were hired? Yes ___ No ___</p>	
<p>20. Are you an unemployed veteran who served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days? Yes ___ No ___</p> <p>OR were you discharged or released from active duty in the Armed Forces for a service-connected disability? Yes ___ No ___</p> <p>If YES, where you discharged or released from active duty in the Armed Forces at any time during the 5-year period ending on the hiring date? Yes ___ No ___</p> <p>If YES, did you receive unemployment compensation for not less than four weeks during the one-year period ending on your hiring date? Yes ___ No ___</p>	
<p>21. Are you at least age 16 but under age 25? Yes ___ No ___</p> <p>If YES, did you not regularly attend any secondary, technical, or post-secondary school during the 6-month period before your hiring date? Yes ___ No ___</p> <p>If YES, were you not regularly employed during that 6-month period? Yes ___ No ___</p> <p>If YES, were you not employable because you lacked basic skills? Yes ___ No ___</p>	
<p>22. Sources used to document eligibility: (Employers/Consultants: List all documentation provided or forthcoming. SWAs: List all documentation used in determining target group eligibility and enter your initials and date when determination was made.)</p>	
<p>I certify that this information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification.</p>	
<p>23(a). Signature: (See instructions in Box 23b for who signs this signature block)</p>	<p>23. (b) Indicate with a ✓ who signed the form:</p> <p><input type="checkbox"/> Employer, <input type="checkbox"/> Consultant, <input type="checkbox"/> SWA,</p> <p><input type="checkbox"/> Participating Agency, <input type="checkbox"/> Applicant, or</p> <p><input type="checkbox"/> Parent/Guardian (if applicant is a minor)</p>
<p>24. Date:</p>	

INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061. This form is used together with IRS Form 8850 to help state workforce agencies (SWAs) determine eligibility for the Work Opportunity Tax Credit (WOTC) Program. The form may be completed, on behalf of the applicant, by: 1) the employer or employer representative, the SWA, a participating agency, or by 2) the applicant directly (if a minor, the parent or guardian must sign the form) and signed by the individual completing the form. This form is required to be used, without modification, by all employers (or their representatives) seeking WOTC certification.

Boxes 1 and 2. **SWA.** For agency use only.

Boxes 3-5. **Employer Information.** Enter the name, address including ZIP code, telephone number, and employer Federal ID number (EIN) of the employer requesting the certification for the WOTC. Do not enter information pertaining to the employer's representative, if any.

Boxes 6-11. **Applicant Information.** Enter the applicant's name and social security number as they appear on the applicant's social security card. In Box 8, indicate whether the applicant previously worked for the employer, and If Yes, enter the last date or approximate last date of employment. This information will help the "48-hour" reviewer, early in the verification process, to eliminate requests for former employees and to issue denials to these type of requests, or certifications in the case of "qualifying rehires" during valid "breaks in employment" (see pages III-12 and III-13, Nov. 2002, Third Ed., ETA Handbook 408) during the first year of employment.

Boxes 12-21. **Applicant Characteristics.** Read questions carefully, answer each question, and provide additional information where requested.

Box 22 **Sources to Document Eligibility.** The applicant or employer is requested to provide documentary evidence to substantiate the **YES answers on page 1.** List or describe the documentary evidence that is attached to the ICF or that will be provided to the SWA. Indicate in parentheses next to each document listed whether it is attached (A) or forthcoming (F). Some examples of acceptable documentary evidence are provided below. **Employers:** A letter from the agency that administers a relevant program may be furnished specifically addressing the question to which the applicant answered YES. For example, if an applicant answers YES to either question in Box 14 and enters the name of the primary recipient and the city and state in which the benefits were received, the applicant could provide a letter from the appropriate Food Stamp agency stating to whom Food Stamp benefits were paid, the months for which they were paid, and the names of the individuals included on the grant for each month. SWAs will use this box to document the sources used when verifying target group eligibility, followed by their initials and the date the determination was completed.

Examples of Documentary Evidence and Collateral Contacts. Employers/Consultants: You may check with your SWA to find out what other sources you can use to prove target group eligibility. (You are encouraged to provide copies of documentation or names of collateral contacts for each question for which you answered **YES.**)

QUESTION 12³

- Birth Certificate
- Driver's License
- School I.D. Card¹
- Work Permit¹
- Federal/State/Local Gov't I.D.¹
- Copy of Hospital Record of Birth

QUESTION 13

- DD-214 or Discharge Papers
- Reserve Unit Contacts
- FL 21-802 (Issued ONLY by DVA, certifies a Veteran with a service connected disability)
- UI claims records (for unemployed status)

QUESTIONS 14 & 16

- TANF/SNAP (Food Stamp) Benefit History
- Signed Statement from Authorized Individual with Specific Description of the Months Benefits Were Received
- Case Number Identifier

QUESTION 15

- Vocational Rehabilitation Agency Contact
- Veterans Administration
- Signed Statement from Authorized Individual With Specific Description of Months Benefits Received
- **For SWAs:** To determine *Ticket Holder* (TH) eligibility, Fax page 1 of Form 8850 to MAXIMUS to 703-683-1051 to verify if applicant:
1) is a TH, and 2) has an Individual Work Plan from an Employment Network.

QUESTION 17

- Parole Officer's Name or Statement
- Correction Institution Records
- Court Records Extracts

QUESTION 18

- Driver's License
- Work Permit
- Utility Bills
- W-4
- Lease Papers or Landlord's Statement
- School¹ or Library Card²
- Voter Registration Card
- SNAP (Food Stamp) Award Letter
- Selective Service Registration Card
- Social Security Letter
- To determine if a Designated Community Resident lives in a RRC, visit the site: www.usps.com. **Click on Find Zip Code; Enter & Submit Address/Zip Code; Click on Mailing Industry Information; Download and Print the Information,** then compare the county of the address to the list in the June 2007 Instructions to IRS 8850.

QUESTION 19

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

Notes. 1. Where a Federal/State/Local Gov't., School I.D. Card, or Work Permit does not contain age or birth date, another valid document must be obtained to verify an individual's age.
2. Where a Library Card does not contain the holder's address another document, issued in the jurisdiction where the EZ/RC or RR County is located, must be obtained showing the holder's address.
3. ESPL No. 05-98, dated 3/18/98, officially rescinded the authority to use Form I-9 as proof of age and residence. **Therefore, the I-9 is no longer a valid piece of documentary evidence.**

QUESTION 20

- DD-214
- FL 21-802 (Issued ONLY by DVA, certifies a Veteran with a service connected disability)
- Discharge Papers
- UI claims records (for unemployed status)

QUESTION 21

To determine age:

- Birth Certificate
- Driver's License
- Work Permit
- Copy of Hospital Record of Birth
- School I.D. Card/School Records
- Federal/State/Local Government I.D.

To determine youth has not regularly attended any secondary, technical or post secondary school:

- Self-Attestation
- Signed letter from parent/guardian (if minor)

To determine unemployed status during the 6-month period before hiring date:

- UI Wage Records

To determine unemployable status due to lack of basic skills:

- Self-Attestation that he/she has a high school (HS) or GED Certificate that was awarded no less than 6 months preceding his or her hiring date and has not held a job (other than occasionally) or been admitted to a technical school or post-secondary school since receiving the certificate.

Box 23. **Signature.** The person who completes the form signs the signature block. **Options:** (a) Employer or Authorized Representative, (b) SWA staff, (c) Participating Agency staff, or (d) Applicant (If applicant is a minor, the parent or guardian must sign).

Box 24: **Date.** Enter the month, day and year when the form was completed.

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 questions is required to obtain and retain benefits per public law 104-188. Public reporting burden for this collection of information is estimated to average 20 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 burden to the U.S. Department of Labor, Employment and Training Administration, Division of Adult Services, Room S-4209, Washington, D.C. 20210 (Paperwork Reduction Project Control No. 1205-0371).

..... ✂
(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 THE SWA'S NAME BELOW:

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 or HER A COPY OF THIS NOTICE.

Name(s) shown on return	Identifying number	
1 Enter on the applicable line below the total qualified first- or second-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who are certified (if required) as members of a targeted group.		
a Qualified first-year wages of employees who worked for you at least 120 hours but fewer than 400 hours \$ _____ × 25% (.25)	1a	
b Qualified first-year wages of employees who worked for you at least 400 hours \$ _____ × 40% (.40)	1b	
c Qualified second-year wages of employees certified as long-term family assistance recipients \$ _____ × 50% (.50)	1c	
2 Add lines 1a, 1b, and 1c. See instructions for the adjustment you must make to salaries and wages	2	
3 Work opportunity credit from partnerships, S corporations, cooperatives, estates, and trusts	3	
4 Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 5	4	
5 Work opportunity credit included on line 4 from passive activities (see instructions)	5	
6 Subtract line 5 from line 4	6	
7 Work opportunity credit allowed for 2009 from a passive activity (see instructions)	7	
8 Carryforward of any work opportunity credit that originated in a tax year that began after 2006 and carryforward from 2008 of the New York Liberty Zone business employee credit	8	
9 Carryback of the work opportunity credit from 2010 (see instructions)	9	
10 Add lines 6 through 9. Cooperatives, estates, and trusts, continue on to line 11. All others, report this amount on Form 3800, line 29b	10	
11 Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	11	
12 Cooperatives, estates, and trusts, subtract line 11 from line 10. Report this amount on Form 3800, line 29b	12	

General Instructions

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

Purpose of Form

Use Form 5884 to claim the work opportunity credit for qualified first- or second-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, renewal community, or rural renewal county 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 28th 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 or incurred 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 4-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 or incurred 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,
- Long-term family assistance recipient,
- Qualified recipient of Temporary Assistance for Needy Families (TANF),
- Qualified veteran,
- Qualified ex-felon,
- Designated community resident,
- Vocational rehabilitation referral,
- Summer youth employee,
- SNAP recipient,
- SSI recipient,
- Unemployed veteran, or
- Disconnected youth.

See the Instructions for Form 8850 (Rev. August 2009) and section 51(d) for details and restrictions.

Qualified Wages

Wages qualifying for the credit generally have the same meaning as wages 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, 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.

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(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 or incurred for any employee during any period for which you received payment for the employee from a federally funded on-the-job training program;

- Wages paid to or incurred for a summer youth employee for services performed while the employee lived outside an empowerment zone or renewal community;
- Wages paid to or incurred for a designated community resident for services performed while the employee lived outside an empowerment zone, renewal community, or rural renewal county;
- Wages paid to or incurred for services performed by a 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 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 enter "See attached" next to the entry space for line 2.

Specific Instructions

Current Year Credit

Lines 1a, 1b, and 1c

Enter on the applicable line and multiply by the percentage shown the total qualified first- or second-year wages paid to or incurred for employees who are members of a targeted group. Qualified first-year wages are qualified wages you paid to or incurred for work performed during the 1-year period beginning on the date the individual begins work for you. Qualified second-year wages are qualified wages you paid to or incurred for certified long-term family assistance recipients for work performed during the 1-year period beginning on the day after the last day of the 1-year wage period.

The amount of qualified first-year wages and the amount of qualified second-year wages that may be taken into account for any employee certified as a long-term family assistance recipient is limited to \$10,000 per year. The amount of qualified first-year wages that may be taken into account for any employee certified as a qualified veteran entitled to compensation for a service-connected disability and who, during the 1-year period ending on the hiring date, was either (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, is limited to \$12,000. The amount of qualified first-year wages that may be taken into account for any employee certified as a summer youth employee is limited to \$3,000. The amount of qualified first-year wages that may be taken into account for an employee certified (if required) as a member of any other targeted group is \$6,000.

Successor employer. For successor employers, the 1- or 2-year period begins on the date the employee began work for the previous employer and any qualified first- or second-year wages paid or incurred by the successor employer are reduced by the qualified first- or second-year wages paid or incurred 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 or 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

Enter the amount included on line 4 that is from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are generally considered passive activities, whether or not you materially participate. For details, see Form 8582-CR, Passive Activity Credit Limitations (for individuals, estates, and trusts), or Form 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations).

Line 7

Enter the passive activity work opportunity credit allowed for 2009 from Form 8582-CR or Form 8810.

Line 8

Use line 8 to show any carryforward of the work opportunity credit from a tax year that began after 2006. For carryforwards of the credit from years prior to 2007, show such carryforwards on line 6 of Form 3800.

Also use line 8 to show any carryforward from 2008 of the New York Liberty Zone business employee credit. On the dotted line next to line 8, enter "From Form 8884" and the amount.

Line 9

Use line 9 to show any carryback if you amend your 2009 return to carry back an unused work opportunity credit from 2010.

Line 11

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 10 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries share on line 11.

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** 4 hr., 32 min.
- Learning about the law or the form** 1 hr.
- Preparing and sending the form to the IRS** 1 hr., 6 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.



Help Us to Picture Them Home

Randi Evers

Missing From: Las Vegas, NV on 2/16/1992

**Male, Age Now: 20
Ht:3'0 Wt:50 lbs.
Blue eyes, Blonde hair**

National Center for Missing and Exploited Children

Call 1-800-THE-LOST

(1-800-843-5678)

**Proud Partners With
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