

Federal Bonding Program

The Federal Bonding Program was created as an incentive to employers to hire “at-risk,” hard-to-place job seekers and may provide an employer a business insurance policy that protects an employer against loss of money or property due to employee dishonesty. The bond is good for six months for the amount of \$5,000 at no cost.

Where To Obtain Federal Bonding Program

To request a Federal Bond, the employer must call the Bonding Coordinator on the new employee’s start date. A simple 10-15 minute telephone interview takes place. A confirmation letter is then sent to the company and McLaughlin Company, who issues the bond directly to the employer.

For questions or more information contact:

TAX CREDIT COORDINATION SERVICES

1.800.345.2555

FEDERAL BONDING COORDINATOR

717.787.6915

Mail Tax Credit Forms To:

TAX CREDIT
COORDINATION SERVICES
651 Boas Street, 12th Floor
Harrisburg, PA 17121-0750

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

EMPLOYER HIRING INCENTIVES

- **Work Opportunity Tax Credit**
- **Federal Bonding Program**



pennsylvania

DEPARTMENT OF LABOR & INDUSTRY
BUREAU OF WORKFORCE DEVELOPMENT PARTNERSHIP

www.dli.state.pa.us

WOTC-1 REV 1-10

Your Business Qualifies When You Hire Eligible Individuals

- No limit to the number of new hires
- Any size employer can benefit
- Employers decide whom to hire
- Minimal paperwork to request tax credit
- Both tax credits can be claimed on the same individual in the same taxable year

Work Opportunity Tax Credit (WOTC)

Created by the Small Business Job Protection Act of 1996 and extended by the Small Business and Work Opportunity Act of 2007. The American Recovery and Reinvestment Tax Act of 2009 added two additional categories. The federal WOTC is available to employers who hire persons who have been deemed to have barriers to employment*. For most target groups this tax credit is in effect for new hires starting before Sept. 1, 2011. (The Unemployed Veteran and Disconnected Youth target groups are for individuals hired in 2009 and 2010.)

Employment Incentive Payment (EIP) Tax Credit

This program expired December 31, 2009.

Minimum Employment or Retention Period

WOTC:

New adult hires must work a minimum of 120 hours and Summer Youth employees must work at least 90 days, between May 1 and Sept. 15, before an employer is eligible to claim this tax credit.

Applying for Tax Credits

WOTC:

The applicant completes the front of the **IRS Form 8850** (Pre-Screening Notice and Certification Request); the employer completes the back. The completed IRS Form 8850 with original signatures must be postmarked within 28 calendar days after the new hire’s start date;

and the applicant also completes the **ETA 9061** (Individual Characteristics Form). This form has no required postmark date but should be mailed with the IRS Form 8850.

Note: The tax credit document(s) must indicate at least one potentially eligible target group in order for the request to be processed. Requests must be filed within the time guidelines indicated above.

Who and What Doesn’t Qualify

- No tax credit may be claimed for federally subsidized On-The-Job Training (OJT); however, wages paid after OJT expires can qualify for the credit.
- Not-for-profit employers
- Wages paid to relatives
- Rehires are not eligible for the federal tax credit

Where To Obtain Tax Credit Forms

Forms can be downloaded at:
www.dli.state.pa.us,
➤ Click on: Workforce Development;
➤ Click on: Employment Tax Credits.

Or contact:
➤ Pennsylvania CareerLink® Offices
➤ Pennsylvania Vocational Rehabilitation Offices
➤ Welfare County Assistance Offices

Or contact:
➤ Tax Credit Coordination Services
1.800.345.2555

** For target group definitions and other details, see reverse side.*

| Tax Credit | Target Group Name | Target Group Definition | Maximum Amount of Credit | Length of Credit | Qualifying Wages Capped At: |
|-----------------|--|---|---|--------------------------|-----------------------------|
| WOTC | Title IV-A Recipient | A member of a family who received Temporary Assistance to Needy Families (TANF) for any nine out of the 18 month period ending on the hire date. | 40% of first-year Qualifying Wages for those new hires employed at least 400 hours; 25% of first-year Qualifying Wages for those new hires employed between 120 and 399 hours. | One Year | \$6,000 |
| WOTC | SNAP (Supplemental Nutrition Assistance Program) | An 18-39 year-old member of a family who received SNAP (formally known as Food Stamps) for at least six consecutive months ending on the hire date, OR for at least three of the five month period ending on the date of hire, but no longer receiving on the hire date. | Same as above | Same as above | Same as above |
| WOTC | Qualified Veteran | An individual who served at least 180 days of active duty and is a member of a family who received SNAP for at least three consecutive months during the 15-month period ending on the hire date. | Same as above | Same as above | Same as above |
| WOTC | Qualified Disabled Veteran | An individual who is entitled to compensation for a service-connected disability AND is hired within one year after having been discharged or released from activity duty, OR has been unemployed for six months or more (whether or not consecutive) within the one-year period ending on the hire date. | Same as above | Same as above | \$12,000 |
| WOTC | Unemployed Veteran | An individual who was discharged or released from active duty in the Armed Forces at any time during the five year period ending on the hire date; AND received unemployment compensation under State or Federal law for not less than four weeks during the one year period ending on the hire date. Must be hired in 2009 or 2010. | Same as above | Same as above | \$6,000 |
| WOTC | Designated Community Resident | An 18-39 year-old who is a resident of one of the federally designated Renewal Communities (RC), Empowerment Zones (EZ) or Rural Renewal Counties (RRC) (There are three designated areas in PA: parts of Philadelphia and all of Venango and Warren Counties). For verification information on RC/EZ/EC locations, visit the HUD Web site at: http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm . | Same as above | Same as above | Same as above |
| WOTC | Summer Youth | A 16 or 17 year-old who is a resident of one of the federally designated Renewal Communities (RC), or Empowerment Zones (EZ) and is hired between May 1 and Sept. 15. There is one area in PA: parts of Philadelphia. For verification information on RC/EZ locations, visit the HUD Web site at: http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm . | Same as above | Same as above | \$3,000 |
| WOTC | Disconnected Youth | A 16-24 year old who has not attended a secondary, technical, or post-secondary school for more than an average of 40 hours per week, not counting periods which the school was closed for scheduled vacations; AND during the past six months, if employed, during each consecutive three month period within the past six months, earned less than the applicable minimum wage for 30 hours work every week during the three month period; AND does not have certificate of graduation from a secondary school or General Education Development (GED) certificate or has a certificate that was awarded at least six months ago and has not held a job or been admitted to a technical or post-secondary school since receiving the certificate. Must be hired in 2009 or 2010. | Same as above | Same as above | \$6,000 |
| WOTC | Vocational Rehabilitation Referral | An individual receiving or having received services pursuant to an Individual Plan of Employment through a state Office of Vocational Rehabilitation or the U.S. Dept. of Veterans Affairs within two years prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI). | Same as above | Same as above | Same as above |
| WOTC | Ex-Felon | An individual who was convicted of or released after serving time for a <u>felony</u> within one year prior to the hire date. | Same as above | Same as above | Same as above |
| WOTC | SSI Recipient | An individual who received Supplemental Security Income (SSI) benefits within 60 days prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI). | Same as above | Same as above | Same as above |
| WOTC | Long-Term Family Assistance Recipient | A member of a family who has received TANF for at least the last 18 consecutive months ending on the hire date; OR for any 18 months beginning after 8/5/97, and was hired within two years of the 18th month; OR stopped being eligible for TANF payments within the last two years because federal or state law limited the maximum time those payments could be made. (This was formerly known as Welfare-to-Work) | 1 st year: 40% of Qualifying Wages for those new hires employed at least 400 hours; 25% of Qualifying Wages for those new hires employed between 120 and 399 hours. 2 nd year: 50% of Qualifying Wages for those new hires employed at least 400 hours; 25% of Qualifying Wages for those new hires employed between 120 and 399 hours. | Two Years | \$10,000 |