



WORK OPPORTUNITY TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT • DIVISION OF WORKFORCE DEVELOPMENT

PURPOSE

To provide a federal income tax credit to businesses for hiring from nine targeted groups with barriers to employment.

The Internal Revenue Service specifies that the State Workforce Agency (SWA) is responsible for administering the Work Opportunity Tax Credit Program. The Missouri Department of Economic Development, through the Division of Workforce Development, administers the program in the state of Missouri.

AUTHORIZATION

Work Opportunity Tax Act of 2007 (PL. 110-28), Tax Relief and Health Care Act of 2006 (PL. 109-432) and Small Business and Working Families Tax Relief Act of 2004 (PL. 108-311)

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any private, for profit business

ELIGIBILITY CRITERIA

Qualifying new hires must be from one of the following groups:

- Short-term welfare recipients
- 18-39 year-old food stamp recipients
- Veterans receiving food stamps or a Disabled Veteran
- Vocational rehabilitation referrals
- 18-39 year-old Empowerment Zone or Rural Renewal County (EZ/RRC) residents
- 16-17 year-old EZ recipient hired as summer employees
- Ex-felons
- Supplemental security income recipients
- Long Term Family Assistance Recipient
- Disconnected Youth
- Unemployed Veteran

PROGRAM BENEFITS/ELIGIBLE USES

For all target groups, with the exception of the summer youth employee, disabled veteran and long term family assistance recipient, the tax credit is calculated at 40% of the first \$6,000 of the first year's wages (for a maximum credit of \$2,400) if 400

hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is calculated at 25% of the first \$6,000 of wages (for a maximum credit of \$1,500).

The credit for summer youth employees is calculated at 40% of the first \$3,000 of the first year's wages (for a maximum credit of \$1,200) if 400 hours is reached. For employees who work at least 120 hours, but do not reach 400 hours, the credit is 25% of the first \$3,000 of the first year's wages (for a maximum credit of \$750).

The tax credit for the Disabled Veteran is calculated at 40% of the eligible employees first \$12,000 in wages for the first year (up to a maximum credit of \$4,800) if 400 hours of employment is reached. For employees who work at least 120 hours, but less than 400 hours, the credit is calculated at 25% of the employees first \$12,000 in wages for the first year (up to a maximum credit of \$3,000).

The credit for the long term family assistance recipient is equal to 40% of the first \$10,000 of the first year's wages (for a maximum credit of \$4,000), and 50% of the first \$10,000 of the second year's wages (for a maximum credit of \$5,000). The maximum amount of credit for the 2 years combined is \$9,000.

FUNDING LIMITS

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year.

APPLICATION/APPROVAL PROCEDURE

The business will submit Form 8850, "Pre-Screening Notice and Certification Request" to the Division of Workforce Development. The form must be postmarked within 28 days of the employee's start date. The business will also submit Form 9061, "Individual Characteristic," or Form 9062 "Conditional Certification," which may be submitted at the same time as the 8850 or at a later date. The 8850 and 9061 must both be the revised 2009 forms if applying for the Disconnected Youth or Unemployed Veteran target groups. The Disconnected Youth target group also requires a self-attestation form. The Department of Economic Development will review the Forms 8850 and 9061/9062 (both forms must be received before the verification process will begin) to determine the eligibility of the new hire. A certification or denial for the tax credit will be issued by the Missouri Division of Workforce Development.

The forms may be obtained by contacting the Department of Economic Development at (800) 877-8698 or visiting

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the Department of Labor's website at: www.doleta.gov/business/incentives/opptax/

The credit can be claimed by filing Form 5884, "Work Opportunity Credit" with the company's income tax return.

There is no limit on the number of qualifying new hires per business or total amount of tax credits distributed per year. In accordance with section 26 U.S.C. 38 the credit has a carry forward of 20 years and a carry back of one year.

Any proposed amount is an estimate based on the assumptions provided by the company. Any variation in the actual salaries or number of jobs retained could affect the proposed amount and possibly invalidate the proposal. This summary is for guidance only and does not state complete program requirements.

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