

# TAX SAVINGS

## To apply for WOTC certification, employers need only:

Complete the IRS Form 8850, "Pre-Screening Notice and Certification Request" for the Work Opportunity Tax Credit and complete the one-page U.S. Department of Labor ETA Form 9061, "Individual Characteristics Form". Forms can be found through the Colorado Department of Labor and Employment website at:  
[www.coworkforce.com/emp/taxcredits.asp](http://www.coworkforce.com/emp/taxcredits.asp)

Mail completed forms with the original signatures **within 28 days** after the new hire's start date to:

**Colorado Department of  
Labor and Employment  
Workforce Programs/WOTC  
633 17<sup>th</sup> Street, Suite 700  
Denver, CO 80202**



## Other Services Provided by the Colorado Department of Labor and Employment

### The Federal Bonding Program;

The Federal Bonding Program, created in 1966 by the U.S. Department of Labor in partnership with The McLaughlin Company, is a unique tool to help secure employment for applicants who have a hard time getting a job due to their questionable backgrounds. The McLaughlin Company provides No Cost/No Deductible individual fidelity bonds with six month coverage for applicants who are (or may be) denied coverage by commercial carriers because of:

- Record of arrest, conviction or imprisonment
- History of alcohol or drug abuse
- Poor credit history
- Lack of employment history
- Dishonorable discharge
- Special situations requiring fidelity bond

### What is a fidelity bond?

It is an insurance that protects the employer in case of any loss due to employee dishonesty. It covers any type of stealing: theft, forgery, larceny and embezzlement.

For additional information contact any Workforce Center or call 303-318-8828 or visit:  
[www.coworkforce.com/emp/federal\\_bonding\\_program.asp](http://www.coworkforce.com/emp/federal_bonding_program.asp)



# The Work Opportunity Tax Credit (WOTC)



## An Employer Tax Reduction

*How Employers Can Earn a Federal Income Tax Credit  
by hiring American workers, therefore increasing  
American productivity and economic growth*

[www.coworkforce.com/emp/taxcredits.asp](http://www.coworkforce.com/emp/taxcredits.asp)



# EMPLOYER

## Colorado's New E-8850 Electronic Submission System

### Highlights of the Electronic System:

- Applications can be submitted online from any location at any time via a secured connection. The online submission process eliminates the costly and cumbersome mailing criteria.
- Upon successful submission of any applications pertaining to TANF and Food Stamp categories, decisions will be available online immediately to the employer and can be printed.
- To apply for **Work Opportunity Tax Credit** through Colorado's New Electronic Submission Process, contact a Colorado WOTC representative at: **303-318-8829 or 303-318-8828 or email: [wotc@state.co.us](mailto:wotc@state.co.us)**

**The Work Opportunity Tax Credit (WOTC)** reduces an employer's income tax liability. Furthermore, WOTC is one tool of various strategies designed to help job seekers most in need of employment and gain on-the-job experience and move towards economic self-sufficiency. As the Colorado employer participation in the WOTC program increased, from 2004 through 2007, the potential tax credit value surpassed \$55,000,000.

### **The Tax Relief and Health Care Act of 2006 Bill, HR 6111 [P.L. 109-432],**

signed by President George W. Bush December 20, 2006, initiated the following changes beginning January 1, 2007:

- Mailing criteria changed from 21 days to 28 days.
- Age range for food stamp recipients expanded from 18 thru 24 to 18 thru 39.
- Income requirement for ex-felons eliminated.
- Merging Welfare to Work Tax Credit into the WOTC program as one credit.



### **The Small Business and Work Opportunity Tax Act of 2007, HR2206, [P.L. 110-28],**

signed by President George W. Bush May 25, 2007, includes an extension of the Work Opportunity tax Credit program effective May 26, 2007, through August 31, 2011. HR2206 created a new category for Disabled Veterans that are entitled to compensation for a service connected disability that is rated at least 10% or higher and hired within one year of being discharged from active duty or unemployed for any 6 months of the year prior to being hired. Additionally, the Vocational Rehabilitation target group was expanded to include individuals who complete a work plan developed and implemented by an Employment Network pursuant to subsection (g) of section 1148 of the Social Security Act.

### **What New Hires Can Qualify Employers For WOTC?**

WOTC applies to new hires who begin work between January 1, 2006, and August 31, 2011, and that belong to one of nine WOTC target groups:

**Welfare recipients** - Any individual who has received financial benefits under the AFDC (Aid to Families with Dependent Children) or the successor program, TANF (Temporary Aid to Needy Families). The employee must have received at least any 9 months of benefits within an 18 month period dating back from their hire date.

### **Veteran Food Stamp recipients** -

Veterans who are members of a family that received food stamps for at least three consecutive months during the 15 months prior to date of hire.

**Disabled Veterans** - An expansion of the Veterans targeted group which includes a Veteran who is certified as entitled to compensation for a service-connected disability rating of 10% or higher and having a hire date which is not more than one year after having been discharged or released from active duty in the Armed Forces of the United States or having been unemployed for six months or more (whether or not consecutive) during the one year period prior to the hire date.

**Ex Felon** - An individual who has been convicted of a felony and/or has been released from incarceration, to probation, work release, parole, or community corrections within the previous 12 months from the date of hire.

**Designated Community Residents** - An individual that is the age of 18 but not 40 on the hire date and his/her principal place of abode is within a Rural Renewal County (RRC). Colorado has three such counties: Cheyenne County, Kiowa County and San Juan County.

**Vocational Rehabilitation** - Any person currently receiving rehabilitative services, or having completed services within 2 years of the hire date. This also includes work plans developed and implemented through an Employment Network. Individuals should have an IPE (Individualized Plan of Employment) to support those services.

**Food Stamp recipients** - Any individual who is 18 thru 39 years old and is a member of a family that is receiving Food Stamps. The recipient must have received 6 continuous months of benefits under the Food Stamp Act of 1977 dating back from the hire date. Additionally, the recipient can qualify by being an able-bodied adult without dependents if they received 3 continuous months of Food Stamps within the previous 5 months dating back from the hire date.

**SSI recipients** - Individuals who received Supplemental Security Income benefits for any month during the 60 days prior to the date of hire.

**Long Term TANF recipients** - Formerly the Welfare to Work Credit, this credit has merged under the WOTC Tax Credit. A member of a family that received Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hire date, or a member of a family whose TANF eligibility expired under Federal or State law after August 5, 1997, and no more than 2 years before the hire date, or whose family received TANF for any 18 months after August 5, 1997, and the 18th month of benefits ended no more than 2 years before the hire date.