

Kentucky Career Center

EMPLOYER'S GUIDE

How to Apply for a WOTC

Earn a tax credit when you hire someone facing barriers to employment.

WOTC
WORK OPPORTUNITY TAX CREDIT

The application process involves five steps after creating a user account with the Kentucky Online WOTC system at wotc.ky.gov to submit the application(s) and receive email updates on status of the application and WOTC program changes.

Please note that prior to claiming the tax credit with the IRS, an employer must request and receive certification from the Kentucky Career Center Tax Credit Unit stating that the new hire is a member of at least one of the WOTC target groups. This numbered certification will be for the highest value target group requested and the new hire was qualified. Also the required forms change periodically, please make sure you are using the current forms for the application.

STEP 1 Complete [IRS Form 8850](#), *Prescreening Notice and Certification Request for the Work*

Opportunity Credit, to pre-screen employees, and make a written request to their Kentucky Career Center Tax Credit Unit to certify the new hire as a member of a WOTC target group.

- Page one of [IRS Form 8850](#) – The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on the form.
- Page two of [IRS Form 8850](#) – Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of one of the WOTC target groups. If so, the employer completes page two of the form.
- Either the job applicant (or a parent/guardian if the applicant is a minor) and the employer, or authorized employer representative, must sign and date IRS Form 8850 before submitting the form to the Kentucky Tax Credit Unit.

Visit [IRS Form 8850 and the instructions](#) for more information.

STEP 2 Complete [ETA Form 9061](#) the employee or the employer completes a U.S. Department of Labor WOTC form: the *Individual Characteristics Form*. If completing [ETA Form 9061](#), employers are encouraged to provide copies of documentation of eligibility for a WOTC target group, if available. Examples of documentation are provided in the instructions to ETA Form 9061.

STEP 3 Submit Completed IRS and ETA Forms thru wotc.ky.gov the Kentucky WOTC Online System.

Both forms must be submitted within 28 calendar days after the employee's start date for it to be considered timely filed. WOTC applications that are not submitted within 28 calendar days will be denied by the Kentucky Tax Credit Unit.

- When the 28th day falls on a Saturday, Sunday or legal holiday, then the submission deadline is the next business day after the weekend or federal holiday.
- Do NOT submit WOTC applications to the IRS or the U.S. Department of Labor in Washington, DC.

STEP 4 Receive Final Determination

The Kentucky Tax Credit Unit will issue a final determination for each WOTC application. In some cases before that determination is made, assistance may be requested from the employer to obtain additional information or documentation. The final determination will indicate whether the new employee is certified as meeting the eligibility for one of the WOTC target groups. In those instances where the Kentucky Tax Credit Unit is not able to verify that the new employee meets the eligibility, the Kentucky Tax Credit Unit will issue a denial. When a certification is received, then the employer can claim the tax credit with the IRS.

STEP 5 File for the Credit with the IRS

After receiving a certification from the Kentucky Tax Credit Unit, employers may file for the tax credit with the IRS. Generally, an employer elects to take the credit by filing [IRS Form 5884, Work Opportunity Credit](#). However, a tax-exempt organization that hires an employee in the WOTC veteran target group should use [IRS Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans](#).

Employees must also meet requirements for the Minimum Employment Period, which is the number of hours required to be worked by the employee – at least 120 hours in the first year of employment – before they can file and qualify for the tax credit.

Maintaining your records

Keep copies of IRS Form 8850, any transmittal letters that you submit to the Kentucky Tax Credit Unit, proof of mailing or other manner of submission, and certifications you receive from the Kentucky Tax Credit Unit as long as they may be needed for the administration of the provisions relating to WOTC. Records that support the credit must be kept for five years from the date when any income tax return claiming the credit is due or filed, whichever is later.

If a Power of attorney is needed

[Form 2848](#), Power of Attorney (POA) and Declaration of Representative is the form to authorize an individual to represent you before the IRS. The individual authorized must be a person eligible to practice before the IRS. Authorization of a qualifying representative will also allow that individual to receive and inspect your confidential tax information.

For WOTC, the POA can be designated through Internal Revenue Service Form 2848 or another “equivalent document” that is “acceptable” to the state workforce agency.

The Kentucky Tax Credit Unit has the responsibility to assure that a POA has been scanned upon receipt; filed and submitted to the Kentucky WOTC Online System before a valid certification is issued to the consultant.

The POA must indicate WOTC, state, federal or tax credits specifically to adhere to the programs in number 3 of the [2848 form](#). Consultant must submit and maintain a signed or notarized copy of the POA.

Three Ways the Consultant may send a Power of Attorney

A consultant may submit a POA one of three ways.

1. Fax to 502-782-3465
2. Electronically via email to wotc@ky.gov
3. United States Postal Service (USPS)

Who do I contact with questions?

The Kentucky Tax Credit Unit can assist you with requesting the Kentucky Online System Account; assist with navigation of the online system; advise employers and consultants on how to submit a WOTC request; process and verify target groups; certify qualified new hire WOTC requests. Staff may not advise employers about filing tax credits. For questions related to tax preparation, contact your business accountant/bookkeeper, or the Internal Revenue Service. The Kentucky Tax Credit Unit can be reached at phone number 502-782-3465 or email wotc@ky.gov. Please refer to the WOTC website, www.dol.gov/agencies/eta/wotc, for all WOTC program information, periodic updates and program changes.