

and

- ✓ Complete the U.S. Department of Labor ETA Form 9061, “Individual Characteristics Form.” The ETA Form 9061 does not have a postmark date but it should be mailed with the IRS Form 8850.

To be certified for the state EIP Tax Credit, an employer must:

- ✓ Complete the Employer Information section of the Tax Credit Certification Request Form REV. 1601(a)(01/06) and have the new hire complete the New Employee Information section. Staple the form to and mail it with the IRS Form 8850 to expedite the certification process. It must be postmarked within 21 calendar days of the new hire’s start date.

#### WHERE TO OBTAIN FORMS

To obtain IRS Form 8850, the website address is [www.irs.gov/pub/irs-pdf/f8850.pdf](http://www.irs.gov/pub/irs-pdf/f8850.pdf); for the instructions, it’s [www.irs.gov/pub/irs-pdf/i8850.pdf](http://www.irs.gov/pub/irs-pdf/i8850.pdf).

To obtain ETA Form 9061, the website address is [www.usesa.gov](http://www.usesa.gov) and click on “ETA 9061” in the Quick Link box.

To obtain Form REV. 1601(A)(01/06), the website address is [www.revenue.state.pa.us/revenue/lib/revenue/rev-1601.pdf](http://www.revenue.state.pa.us/revenue/lib/revenue/rev-1601.pdf).

OR

By contacting:

- Pennsylvania CareerLink Sites
- Welfare County Assistance Offices
- U.S. Department of Labor (Philadelphia) (P) 215-861-5242

#### MAIL ALL FORMS TO:

TAX CREDIT COORDINATION SERVICES  
Labor and Industry Building, 13th Floor  
7th and Forster Streets  
Harrisburg, PA 17120

#### WHO DOESN'T QUALIFY

- ◆ No tax credit may be claimed for federally subsidized On-The-Job Training (OJT) payments; however, wages paid after OJT expires can qualify for the credit. Requests must be submitted within 21 calendar days after the new employee’s start date.
- ◆ Not-for-profit employers.
- ◆ Wages paid to relatives.
- ◆ The federal Welfare-to-Work and Work Opportunity Tax Credits cannot both be claimed for the same individual in the same taxable year. However, a federal and the state tax credit can both be claimed on the same individual in the same taxable year.
- ◆ No individual that is a rehire is eligible for the Federal tax credits .

## EMPLOYER TAX CREDITS

- WELFARE-TO-WORK TAX CREDIT
- WORK OPPORTUNITY TAX CREDIT
- EMPLOYMENT INCENTIVE PAYMENT TAX CREDIT

## INFORMATION FOR EMPLOYERS

## HOW TO EARN TAX CREDITS FOR NEW HIRES

## HOW TO APPLY FOR TAX CREDITS

## WHERE TO GET MORE INFORMATION



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF LABOR AND INDUSTRY  
BUREAU OF WORKFORCE DEVELOPMENT PARTNERSHIP



DEPARTMENT OF  
**LABOR & INDUSTRY**  
COMMONWEALTH OF PENNSYLVANIA

QUESTIONS:  
TAX CREDIT COORDINATION SERVICES  
1-800-345-2555

## YOUR BUSINESS QUALIFIES WHEN YOU HIRE ELIGIBLE INDIVIDUALS

- ◆ No limit to number of hires
- ◆ Any size employer can benefit
- ◆ Employers decide whom to hire
- ◆ Minimal paperwork to claim tax credit

The federal Welfare-to-Work (WtW) Tax Credit for hiring long-term welfare recipients is as much as \$8,500 per new hire: 35% of qualified wages for the first year and 50% for the second year of employment. Qualified wages — which include tax-exempt amounts received under accident and health plans as well as educational and dependent assistance programs — are capped at \$10,000 per year. To qualify employers for this tax credit, new hires must be employed at least 180 days or 400 hours. To qualify, a new WtW hire must be a member of a family who received Temporary Assistance to Needy Families (TANF) for:

- ◆ At least 18 consecutive months prior to the hire date; or
- ◆ Any 18 months beginning after 8/5/97, and must be hired within 2 years of the 18th month.

The federal Work Opportunity Tax Credit (WOTC) provides employers tax savings up to \$2,400 per worker as an incentive to hire job seekers with barriers to employment from eight targeted groups. Created by the Small Business Job Protection Act of 1996 and last extended by the Working Families Tax Relief Act of 2004, the WOTC program is again awaiting another extension.

For seven of the eight targeted groups, the federal tax credit is 40% of the first \$6,000 in wages, for a maximum credit of \$2,400. The new hire must be employed at least 180 days or 400 hours. A partial credit of 25% is permitted for employees working at least 120-399 hours.

For youth hired as Summer employees May 1 through September 15, the first year qualifying wages is capped at \$3,000, resulting in \$1,200 for those working at least 400 hours and \$750 for those working between 120-399 hours. To qualify, a new WOTC hire must be:

- ◆ A member of a family that received TANF for any 9 out of the 18 month period ending on the hire date; or
- ◆ An 18-24 year-old member of a family that received food stamps for at least a consecutive 6-month period ending on the hire date, or for at least 3 of the 5 months before the date of hire, and the food stamp eligibility expired; or
- ◆ A military veteran having served at least 180 days of active duty, and who is a member of a family that received food stamps for at least 3 consecutive months during the 15-month period ending on the hire date; or
- ◆ An 18 but not yet 25 year-old who is a resident of one of the federally designated Empowerment Zones (EZ), Enterprise Communities (EC), or Renewal Communities (RC)\*; or
- ◆ A 16-but not yet 18 year-old EZ/EC/RC\* resident hired between May 1 and September 15, as a Summer Youth Employee; or
- ◆ A person receiving or having received services pursuant to an Individual Plan of Employment through a State Office of Vocational Rehabilitation or the U.S. Department of Veterans' Administration within 2 years prior to the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI); or
- ◆ An ex-felon who has a hire date which is not more than one year after the

conviction or release date, and is a member of a low income-family; or

- ◆ A person who received Supplemental Security Income (SSI) benefits for any month during the 60-day period ending on the hire date, including eligible Ticket-to-Work individuals receiving Social Security Disability Insurance (SSDI).

\* In Pennsylvania, areas in Philadelphia have been designated an Empowerment Zone and/or Renewal Communities; and Fayette County has been designated a Rural Enterprise Community. For verification information on EZ/EC/RC locations, call 1-800-998-9999; or visit the Hud website at [http://egis.hud.gov/egis/cpd/rcezec/ezec\\_open.htm](http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm).

The state Employment Incentive Payment (EIP) Tax Credit is a 3-year tax credit that provides employers up to \$5,400 per new hire: 30% of qualified wages for the first year, 20% for the second year and 10% for the third. An additional \$1,800 in credits may be earned over the three years of eligibility if the employer provides or reimburses for child care or transportation to work. Qualified wages - which include tax-exempt amounts received under accident and health plans as well as educational and dependent assistance programs - are capped at \$9,000 per year. To qualify, new hires must begin work before January 1, 2010 and remain on the payroll for a full year.

### APPLYING FOR TAX CREDITS

To be certified for a WTW or WOTC Tax Credit in Pennsylvania, an employer must:

- ✓ Complete the reverse side of the two-page IRS Form 8850, "Pre-Screening Notice and Certification Request" and have the job seeker complete the front side. The completed IRS Form 8850 with original signatures must be postmarked within 21 calendar days of the new hire's start date;