

Lesson 5

Tax Incentives for Employers

Introduction

This lesson provides information on how small business owners can participate in both the public and private effort to help move individuals with special employment needs and long-term family assistance recipients into jobs in the private sector. By actively recruiting from these groups, you can expand your job applicant pool of entry-level workers and, at the same time, make an important contribution to a national effort that affects your community. By hiring and retaining these individuals, you can receive tax savings with the **work opportunity credit** of as much as \$2,400 per employee for first-year wages paid. With the **welfare-to-work credit** you can receive as much as \$8,500 per employee over a 2-year period.

Objectives

At the end of this lesson you will be able to:

1. Name the eight targeted groups and dates of eligibility for the work opportunity credit.
2. Name the group and dates of eligibility for the welfare-to-work credit.
3. Prepare the IRS and Department of Labor forms required for pre-screening and certification of the work opportunity and welfare-to-work credits.

References

Publication 334, TAX GUIDE FOR SMALL BUSINESS (FOR INDIVIDUALS WHO USE SCHEDULE C OR C-EZ)

Publication 954, TAX INCENTIVES FOR EMPOWERMENT ZONES AND OTHER DISTRESSED COMMUNITIES

Form 3800, GENERAL BUSINESS CREDIT

Form 5884, WORK OPPORTUNITY CREDIT

Form 8850, PRE-SCREENING NOTICE AND CERTIFICATION REQUEST FOR THE WORK OPPORTUNITY AND WELFARE-TO-WORK CREDITS

Form 8861, WELFARE-TO-WORK CREDIT

U.S. Department of Labor ETA-9061, INDIVIDUAL CHARACTERISTICS FORM, WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT

U.S. Department of Labor ETA-9062, CONDITIONAL CERTIFICATION, WORK OPPORTUNITY AND WELFARE-TO-WORK TAX CREDITS

Work Opportunity Credit

The work opportunity credit provides businesses with an incentive to hire individuals from groups that have a particularly high unemployment ratio or other special needs. Your business does not have to be designated an empowerment zone, enterprise community or renewal community (see Publication 954, *Tax Incentives for Empowerment Zones and Other Distressed Communities*) to qualify for this credit. You can claim the credit if you pay or incur “qualified first-year wages” to a “targeted group employee” who began work for you after September 1997 and before January 1, 2002.

Targeted Group Employee

A targeted group employee is any employee who has been certified by your state employment security agency (SESA) as a:

1. Recipient of assistance under Temporary Assistance for Needy Families (TANF),
2. Veteran,
3. Ex-felon,
4. High-risk youth,
5. Vocational rehabilitation referral,
6. Summer youth employee,
7. Food stamp recipient or
8. Supplemental security income (SSI) recipient.

Exhibit 5.1 on page 5-3 lists their qualifications and necessary documentation.

EXHIBIT 5.1 – WORK OPPORTUNITY CREDIT DEFINITIONS

Applicant Target Groups	Qualifications	Documentation*
Qualified TANF recipient	The applicant has received TANF benefits for any nine of the last 18 months.	SESA staff will verify eligibility.
Qualified veteran	The applicant is a veteran who served at least 180 days of active duty, has not been on active duty during the 90 days after the hire date and has received food stamps at least three consecutive months within the last 15 months.	Military Discharge Papers (DD214), while food stamps will be verified by SESA staff.
Qualified ex-felons	The applicant is a felon who was convicted or released from prison in the past year and who was a member of a low-income family during the last six months.	Documentation that shows conviction and/or release dates. These may be obtained from correctional institution records, court records, etc. In addition, income documentation for each family member in the household during the six-month period preceding the hire date.
Qualified food stamp recipients	The applicant is between 18 and 24 on hiring, and is a member of a family that received food stamps for the last six months; or is an able-bodied adult without dependents who received food stamps at least three of the last five months.	Documentation of age and food stamp benefit history is required. A copy of a birth certificate or drivers license is sufficient to determine age. SESA staff will verify food stamps.
Qualified supplemental security income recipients	The applicant must have received supplemental security income for any month during the 60 days before the date of hire.	Supplemental security income records are required for documentation. These records can be obtained through the Social Security Administration.
High risk youth living within an empowerment zone or enterprise community.	The applicant is between the 18 and 24 on hiring and lives within an empowerment zone or enterprise community (EZ/EC). <i>(See Publication 954.)</i>	Documentation of age and proof of residence ZIP code are required. A copy of a birth certificate or driver's license may document age. A current utility bill, telephone bill or driver's license is necessary to prove address of residence.
Vocational rehabilitation referral	The applicant was referred by a rehabilitation agency approved by the state or the Department of Veterans Affairs.	Documentation must show the applicant is, or has been, receiving services and has an Individualized Written Rehabilitation Plan through a state rehabilitation agency or a Veterans Administration vocational.
Qualified summer youth employee	The applicant performs services for the employer between May 1 and September 15, is 16 or 17 years old on hiring, has not been employed by the same employer before the 90 days (summer period) between May 1 and September 15 and lives in the EZ/EC.	Documentation of age and proof of residence ZIP code are required. A birth certificate or driver's license copy may document age. A current utility bill, telephone bill or driver's license is necessary to prove address of residence.

* Employers with questions about obtaining documentation should contact the work opportunity credit unit at their local SESA office.

State Certification

An employee is not considered a targeted group employee or a long-term family assistance recipient without SESA certification. To receive certification, submit Form 8850, PRE-SCREENING NOTICE AND CERTIFICATION REQUEST FOR THE WORK OPPORTUNITY AND WELFARE-TO-WORK CREDITS, to your SESA.

You must either:

1. Receive the certification by the day the individual begins work or
2. Do both of the following:
 - a. Complete Form 8850 by the day you offer the individual a job and
 - b. Submit the form to your SESA by the 21st day after the individual begins work.

See Exhibit 5.2 on page 5-5 and Exhibit 5.3 on pages 5-6 and 5-7 for instructions and a filled-in Form 8850.

EXHIBIT 5.2 – FORM 8850 INSTRUCTIONS

Form 8850 may be used for either work opportunity credit or welfare-to-work credit. Complete both sections if you are applying for both tax credits; otherwise, complete only the appropriate section.

Job Applicant Information (Work Opportunity Credit)

- Name: Enter name of the applicant/potential employee.
- Social Security Number (SSN): Enter the SSN of the applicant/potential employee.
- Address: Physical home address of applicant/potential employee.
- City/State/Zip Code: Self-explanatory.
- Date of Birth: Only required if applicant is under age 25.
- Telephone Number: Self-explanatory.
- Question #1: If job applicant received conditional certification from a participating agency, check the block; skip question #2. Job applicant signs and dates.
- Question #2: If applicant does not have conditional certification, check Question #2, if any statements apply to you. Job applicant signs and dates.
- **Applicant's Signature: This must be an original signature.**

Job Applicant Information Welfare-to-Work Tax Credit

- Complete all information on the top third of the page.
- Question #3: If job applicant received conditional certification from a participating agency, check this block for the welfare-to-work credit. Skip question # 4, and have the job applicant sign and date.
- Question #4: If job applicant does not have conditional certification, check the box for Question #4 if the applicant/ potential employee meets any of the requirements for a welfare-to-work credit, and have the job applicant sign and date.
- **Applicant's Signature: This must be an original signature.**

Employer Use Only

- Employer name and telephone number: This should reflect the business name and business telephone number.
- Employer Identification Number (EIN): Self explanatory.
- Street Address and City/State/Zip Code: Reflect business address information.
- Person to Contact/Telephone/Address/City/State: To be completed if a third party is the designated point of contact, or if Certification is to be mailed to a different address, such as a corporate headquarters.
- Interview date: Date the first interview was held.
- Job offer: Date the job offer was made.
- Hiring: The date of actual hire.
- Job starting: The date the employee physically starts to work. **Note: Form 8850 must be postmarked within 21 days of the start date.**
- **Signature: The signature of the employer or third party consultant must be original.**

EXHIBIT 5.3 – FILLED-IN FORM 8850, PAGE 1

Form 8850 Rev. November 1998 Department of the Treasury Internal Revenue Service	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits ▶ See separate instructions.	OMB No. 1545-1500
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Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.

Your name MICHAEL JOHN DOE Social security number ▶ 987 00 4321

Street address where you live 456 SOUTH ST.

City or town, state, and ZIP code ANYTOWN, TX 77123

Telephone no. (713) 555-4678

If you are under age 25, enter your date of birth (month, day, year) 01/01/78

Work Opportunity Credit

1 ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.

2 ☒ Check here if **any** of the following statements apply to you.

- I am a member of a family that has received assistance from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for any 9 months during the last 18 months.
- I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
- I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
- I am at least age 18 but **not** over age 24 and I am a member of a family that:
 - a Received food stamps for the last 6 months, OR
 - b Received food stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them.
- Within the past year, I was convicted of a felony or released from prison for a felony AND during the last 6 months I was a member of a low-income family.
- I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

Welfare-to-Work Credit

3 ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.

4 ☒ Check here if you are a member of a family that:

- Received AFDC or TANF payments for at least the last 18 months, OR
- Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, OR
- Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law limited the maximum time those payments could be made.

All Applicants

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ▶ Michael J. Doe Date 05/30/01

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 22851L Form **8850** (Rev. 11-98)

EXHIBIT 5.3 – FILLED-IN FORM 8850, PAGE 2

Form 8850 (Rev. 11-98)		Page 2
For Employer's Use Only		
Employer's name <u>ABC PLUMBING, INC.</u>	Telephone no. <u>(713) 555-1234</u> EIN ▶ <u>76-1234567</u>	
Street address <u>123 MAIN ST.</u>		
City or town, state, and ZIP code <u>ANYTOWN, TX 77123</u>		
Person to contact, if different from above _____ Telephone no. () -		
Street address _____		
City or town, state, and ZIP code _____		
If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 6) ▶ _____		
<div style="display: flex; justify-content: space-between;"> <div>DATE APPLICANT: Gave information <u>05/29/01</u></div> <div>Was offered job <u>05/29/01</u></div> <div>Was hired <u>05/29/01</u></div> <div>Started job <u>05/30/01</u></div> </div>		
Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.		
<div style="display: flex; justify-content: space-between;"> <div>Employer's signature <u>May Smith</u></div> <div>Title <u>H.R. Manager</u></div> <div>Date <u>05/30/01</u></div> </div>		
<div style="display: flex;"> <div style="flex: 1; padding-right: 10px;"> <p>Privacy Act and Paperwork Reduction Act Notice</p> <p><i>Section references are to the Internal Revenue Code.</i></p> <p>Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family</p> </div> <div style="flex: 1;"> <p>assistance recipient. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws.</p> <p>You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.</p> </div> <div style="flex: 1; padding-left: 10px;"> <p>The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:</p> <p>Recordkeeping 2 hr., 47 min.</p> <p>Learning about the law or the form 28 min.</p> <p>Preparing and sending this form to the SESA 36 min.</p> <p>If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.</p> <p>DO NOT send this form to this address. Instead, see When and Where To File in the separate instructions.</p> </div> </div>		

In addition, mail as soon as possible either:

1. U.S. DEPARTMENT OF LABOR ETA-9061, INDIVIDUAL CHARACTERISTIC FORM (with all supporting documentation), if the employee has not been conditionally certified already by your SESA or a participating agency (see filled in example Exhibit 5.4 on page 5-8) or
2. U.S. DEPARTMENT OF LABOR ETA-9062, CONDITIONAL CERTIFICATION FORM, if provided to the applicant by a participating agency (e.g., the Job Corps).

EXHIBIT 5.4 – ETA-9061, INDIVIDUAL CHARACTERISTICS FORM

Individual Characteristics Form Work Opportunity Tax Credit and Welfare-to-Work Tax Credit		U.S. Department of Labor Employment and Training Administration U.S. Employment Service									
1. CONTROL NO. (For Agency Use Only)		Individual Information (Instructions on the Back)		OMB Control No.: 1205-0371 Expires: 07/31/98							
3. EMPLOYER NAME/ADDRESS <div style="font-family: cursive; font-size: 1.2em;">ABC PLUMBING, INC.</div> <div style="font-family: cursive; font-size: 1.2em;">123 MAIN ST.</div> <div style="font-family: cursive; font-size: 1.2em;">ANYTOWN, TX 77123</div>		4. EMPLOYER ID NUMBER <div style="font-family: cursive; font-size: 1.2em;">76-1234567</div>		5. EMPLOYMENT START DATE <div style="font-family: cursive; font-size: 1.2em;">5-31-01</div>							
		6. Have you worked for the above employer before? Yes _____ No <input checked="" type="checkbox"/>		Starting Wage: <div style="font-family: cursive; font-size: 1.2em;">\$ 10.00</div> per hour POSITION: <div style="font-family: cursive; font-size: 1.2em;">PLUMBER</div>							
7. NAME OF INDIVIDUAL (Last, First, Middle) <div style="font-family: cursive; font-size: 1.2em;">DOE, MICHAEL JOHN</div>				8. SOCIAL SECURITY NUMBER: <div style="font-family: cursive; font-size: 1.2em;">987-00-4321</div>							
The above named individual is determined to have the following characteristics for WOTC Target Group Certification:											
9. Age between 16 - 25? Yes <input checked="" type="checkbox"/> No _____ If YES, indicate your "Date of Birth" below: Date of Birth <div style="font-family: cursive; font-size: 1.2em;">01-01-77</div>		10. A veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months. Yes _____ No <input checked="" type="checkbox"/> If YES, also complete Box 17.		11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months. Yes _____ No <input checked="" type="checkbox"/> If YES, also complete Box 17.							
12. Is a member of a family that received Food Stamps for the last 6 months. Yes <input checked="" type="checkbox"/> No _____ or for at least a 3-month period within the last 5 months, BUT is no longer receiving them? Yes _____ No _____ If YES to either, also complete Box 17.		13. In the past year has been convicted of a felony or released from prison after a felony conviction. Yes _____ No <input checked="" type="checkbox"/> If YES, complete below: Date of Conviction _____ Date of Release _____ Total Income for the past 6 months for all family members living in the same household? Total Income: _____ (If No Income, Enter 0 above) No. of family members living in the same household for the past 6 months, including yourself: _____		14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community. Yes <input checked="" type="checkbox"/> No _____ 16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days. Yes _____ No <input checked="" type="checkbox"/>							
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services program or the Veterans' Administration. Yes _____ No <input checked="" type="checkbox"/>		17. If individual is not a primary recipient of benefits, please provide the following: Name of Primary Recipient _____ City/State of Benefits _____									
This section is to be completed by individuals starting work after December 31, 1997, under the Welfare-to-Work Tax Credit only.											
18. Is a member of a family that: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">• Has received AFDC or TANF payments for at least the last 18 consecutive months;</td> <td style="width: 40%;">Yes <input checked="" type="checkbox"/> No _____ or</td> </tr> <tr> <td>• Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997;</td> <td>Yes _____ No <input checked="" type="checkbox"/> or</td> </tr> <tr> <td>• Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable.</td> <td>Yes _____ No <input checked="" type="checkbox"/></td> </tr> </table>						• Has received AFDC or TANF payments for at least the last 18 consecutive months;	Yes <input checked="" type="checkbox"/> No _____ or	• Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997;	Yes _____ No <input checked="" type="checkbox"/> or	• Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable.	Yes _____ No <input checked="" type="checkbox"/>
• Has received AFDC or TANF payments for at least the last 18 consecutive months;	Yes <input checked="" type="checkbox"/> No _____ or										
• Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997;	Yes _____ No <input checked="" type="checkbox"/> or										
• Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable.	Yes _____ No <input checked="" type="checkbox"/>										
19. SOURCES USED TO DOCUMENT ELIGIBILITY: <div style="font-family: cursive; font-size: 1.2em; margin-top: 10px;">Driver's License</div>											
Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below.											
20. SIGNATURE: <div style="font-family: cursive; font-size: 1.2em; margin-top: 10px;">Michael J. Doe</div>				21. DATE: <div style="font-family: cursive; font-size: 1.2em; margin-top: 10px;">5/31/01</div>							
Page 1 of 3				ETA-9061 (Rev. Jan. 1998)							

Qualified First-Year Wages

Qualified first year wages are qualified wages you pay or incur for work performed by a targeted group employee during the 1-year period beginning on the date the individual begins work for you. Qualified wages are generally wages subject to FUTA tax - up to \$6,000 each tax year* for each employee (\$3,000 each tax year* for a summer youth employee).

*Note: The one-year period can cover two tax years.

Example: Your certified employee began working for you on November March 26, 2001, tax year 2001. The 1-year period ends March 26, 2002, tax year 2002.

If the work performed by the employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes are qualified wages.

Nonqualified Wages

Some of the most common wages that **do not** qualify include wages you pay or incur to an employee who:

1. Has worked for you more than 1 year,
2. Is your relative or dependent,
3. Worked for you previously or
4. Does not work for you at least 120 hours.

See Form 5884, WORK OPPORTUNITY CREDIT, for a complete list of wages that do not qualify for the credit.

Amount of Credit

The table below shows the rate you apply to qualified first-year wages you pay or incur each tax year to a targeted group employee who works the number of hours shown and the maximum credit you can claim each tax year for each targeted group employee.

RATE AND MAXIMUM CREDIT EACH TAX YEAR FOR EACH TARGETED GROUP EMPLOYEE			
HOURS WORKED	RATE	MAXIMUM QUALIFIED FIRST-YEAR WAGES	MAXIMUM CREDIT
AT LEAST 400.....	40%	\$6,000*	\$2,400
FEWER THAN 400 BUT AT LEAST 120.....	25%	6,000*	1,500
*3,000 FOR A SUMMER YOUTH EMPLOYEE			

Claiming the Credit

Use Form 5884 to claim this credit (Exhibit 5.5) and file it with your tax return. For example, sole proprietors claiming the credit on their 2000 tax returns entered the credit on Form 1040, Line 49, OTHER CREDITS.

EXHIBIT 5.5 – FORM 5884, WORK OPPORTUNITY CREDIT

Form 5884 <small>Department of the Treasury Internal Revenue Service</small>	Work Opportunity Credit ▶ Attach to your return.	OMB No. 1545-0219 2000 Attachment Sequence No. 77
Name(s) shown on return _____		Identifying number _____

Part I Current Year Credit (Members of a controlled group, see instructions.)

1 Enter the total qualified first-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who are certified as members of a targeted group and:	1a											
a Worked at least 120 hours but fewer than 400 hours . . . \$ _____ × 25% (.25)	1a											
b Worked at least 400 hours . . . \$ _____ × 40% (.40)	1b											
2 Current year credit. Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages . . .	2											
3 Work opportunity credits from: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border-bottom: 1px solid black;">If you are a—</td> <td style="width: 70%; border-bottom: 1px solid black;">Then enter total of current year work opportunity credit(s) from—</td> </tr> <tr> <td>a Shareholder . . .</td> <td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .</td> </tr> <tr> <td>b Partner . . .</td> <td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .</td> </tr> <tr> <td>c Beneficiary . . .</td> <td>Schedule K-1 (Form 1041), line 14 . . .</td> </tr> <tr> <td>d Patron . . .</td> <td>Written statement from cooperative . . .</td> </tr> </table>	If you are a—	Then enter total of current year work opportunity credit(s) from—	a Shareholder . . .	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .	b Partner . . .	Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .	c Beneficiary . . .	Schedule K-1 (Form 1041), line 14 . . .	d Patron . . .	Written statement from cooperative . . .	3	
If you are a—	Then enter total of current year work opportunity credit(s) from—											
a Shareholder . . .	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .											
b Partner . . .	Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .											
c Beneficiary . . .	Schedule K-1 (Form 1041), line 14 . . .											
d Patron . . .	Written statement from cooperative . . .											
4 Total current year work opportunity credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.) . . .	4											

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits: <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 1040, line 40 . . . • Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return . . . • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . 	5	
6 Alternative minimum tax: <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 6251, line 28 . . . • Corporations. Enter the amount from Form 4626, line 15 . . . • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 39 . . . 	6	
7 Add lines 5 and 6 . . .	7	
8a Foreign tax credit . . .	8a	
b Credit for child and dependent care expenses (Form 2441, line 9) . . .	8b	
c Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) . . .	8c	
d Education credits (Form 8863, line 18) . . .	8d	
e Child tax credit (Form 1040, line 47) . . .	8e	
f Mortgage interest credit (Form 8396, line 11) . . .	8f	
g Adoption credit (Form 8839, line 14) . . .	8g	
h District of Columbia first-time homebuyer credit (Form 8859, line 11) . . .	8h	
i Possessions tax credit (Form 5735, line 17 or 27) . . .	8i	
j Credit for fuel from a nonconventional source . . .	8j	
k Qualified electric vehicle credit (Form 8834, line 19) . . .	8k	
l Add lines 8a through 8k . . .	8l	
9 Net income tax. Subtract line 8l from line 7 . . .	9	
10 Tentative minimum tax (see instructions) . . .	10	
11 Net regular tax. Subtract line 8l from line 5. If zero or less, enter -0- . . .	11	
12 Enter 25% (.25) of the excess, if any, of line 11 over \$25,000 (see instructions) . . .	12	
13 Enter the greater of line 10 or line 12 . . .	13	
14 Subtract line 13 from line 9. If zero or less, enter -0- . . .	14	
15 Work opportunity credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 49; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 4a; Form 1041, Schedule G, line 2c; or the applicable line of your return . . .	15	

For Paperwork Reduction Act Notice, see page 3. Cat. No. 13570D Form 5884 (2000)

Complete Form 3800, GENERAL BUSINESS CREDIT (Exhibit 5.6) instead of completing Part II of Form 5884 to figure the tax liability limit for the credit if for this year you are also claiming the welfare-to-work credit.

EXHIBIT 5.6 – FORM 3800, GENERAL BUSINESS CREDIT

Form 3800 <small>Department of the Treasury Internal Revenue Service</small> <small>Name(s) shown on return</small>	General Business Credit ▶ Attach to your tax return. ▶ See separate instructions.	<small>OMB No. 1545-0895</small> <div style="border: 1px solid black; padding: 2px; display: inline-block;"> 2000 <small>Attachment Sequence No. 22</small> </div>
		<small>Identifying number</small>
Part I Tentative Credit		
1a Current year investment credit (Form 3468, Part I) b Current year work opportunity credit (Form 5884, Part I) c Current year welfare-to-work credit (Form 8861, Part I) d Current year credit for alcohol used as fuel (Form 6478) e Current year credit for increasing research activities (Form 6765, Part I) f Current year low-income housing credit (Form 8586, Part I) g Current year enhanced oil recovery credit (Form 8830, Part I) h Current year disabled access credit (Form 8826, Part I) i Current year renewable electricity production credit (Form 8835, Part I) j Current year Indian employment credit (Form 8845, Part I) k Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I) l Current year orphan drug credit (Form 8820, Part I) m Current year credit for contributions to selected community development corporations (Form 8847, Part I) n Current year trans-Alaska pipeline liability fund credit (see instructions) o Current year general credits from an electing large partnership (Schedule K-1 (Form 1065-B)) 2 Current year general business credit. Add lines 1a through 1o 3 Passive activity credits included on line 2 (see instructions) 4 Subtract line 3 from line 2 5 Passive activity credits allowed for 2000 (see instructions) 6 Carryforward of general business or ESOP credit to 2000 (see instructions for the schedule to attach) 7 Carryback of general business credit from 2001 (see instructions) 8 Tentative general business credit. Add lines 4 through 7	1a 1b 1c 1d 1e 1f 1g 1h 1i 1j 1k 1l 1m 1n 1o 2 3 4 5 6 7 8	
Part II General Business Credit Limitation Based on Amount of Tax		
9 Regular tax before credits (see instructions) 10 Alternative minimum tax (see instructions) 11 Add lines 9 and 10 12a Foreign tax credit b Credit for child and dependent care expenses (Form 2441, line 9) c Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) d Education credits (Form 8863, line 18) e Child tax credit (Form 1040, line 47) f Mortgage interest credit (Form 8396, line 11) g Adoption credit (Form 8839, line 14) h District of Columbia first-time homebuyer credit (Form 8859, line 11) i Possessions tax credit (Form 5735, line 17 or 27) j Credit for fuel from a nonconventional source k Qualified electric vehicle credit (Form 8834, line 19) l Add lines 12a through 12k 13 Net income tax. Subtract line 12l from line 11 14 Tentative minimum tax (see instructions) 15 Net regular tax. Subtract line 12l from line 9. If zero or less, enter -0- 16 Enter 25% (.25) of the excess, if any, of line 15 over \$25,000 (see instructions) 17 Enter the greater of line 14 or line 16 18a Subtract line 17 from line 13. If zero or less, enter -0- 18b Enter the smaller of line 8 or line 18a. Individuals, estates, and trusts: See instructions if claiming the credit for increasing research activities. C corporations: See the instructions for Schedule A if any regular investment credit carryforward is claimed and the line 18b instructions if there has been an ownership change, acquisition, or reorganization 18c Suspended research credit allowed for the current year (see instructions) 19 General business credit allowed for the current year. Subtract line 18c from line 18b. Enter here and on Form 1040, line 49; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 4a; Form 1041, Schedule G, line 2c; or the applicable line of your return	9 10 11 12a 12b 12c 12d 12e 12f 12g 12h 12i 12j 12k 12l 13 14 15 16 17 18a 18b 18c 19	
<small>For Paperwork Reduction Act Notice, see back of form. Cat. No. 12392F Form 3800 (2000)</small>		

Effect on Salary and Wage Deduction

In general, you must reduce the deduction on your income tax return for salaries and wages by the amount of your work opportunity credit. For a sole proprietor, this is on Schedule C of Form 1040.

Effect of Welfare-to-Work Credit

You cannot claim both the work opportunity credit and the welfare-to-work credit for the same employee during the same tax year. In some cases, it may be more advantageous to claim the work opportunity credit the first year and the welfare-to-work credit the second year.

More Information

For more information about the work opportunity credit, see Form 5884 or visit the Department of Labor Web site at **www.doleta.gov** or call **1-800-695-6879** for forms and information. You can also use the Department of Labor's fax on demand service by calling **(703) 365-0768** (not a toll-free number) from your fax machine and following the prompts.

Checklist

Before claiming the credit, use this checklist

- ✓ Form 8850 completed and signed by:
 - ✓ Employer and
 - ✓ Employee
- ✓ ETA Form 9061, INDIVIDUAL CHARACTERISTICS FORM **and**
- ✓ Documents attached to demonstrate eligibility **or**
- ✓ ETA Form 9062, CONDITIONAL CERTIFICATION FORM, from an authorized participating agency.



Information must be entered on Form 8850 on or before the day a job offer is made.

Form 8850 must be postmarked within 21 days of the employee's start date and have original signatures.

ETA-9061 should be mailed as soon as possible and does not need original signatures.

Note: At the time this workbook was printed, the credit was set to expire for individuals who begin working for you after Dec. 31, 2001.

Welfare-to-Work Credit

The welfare-to-work credit provides businesses with an incentive to hire long-term family assistance recipients. Your business does not have to be an empowerment zone, enterprise community or renewal community to qualify for this credit. You can claim the credit if you pay or incur “qualified wages” during the first 2 years of employment to a “long-term family assistance recipient” who began work for you after Dec. 1997 and before Jan. 1, 2002.

Long-term Family Assistance Recipient

A long-term family assistance recipient is an individual who has been certified by your SESA as a member of a family that:

1. Has received assistance payments from Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hiring date,
2. Received assistance payments from TANF for any 18 months (whether or not consecutive) beginning after August 5, 1997, and is hired not more than 2 years after the end of the earliest 18-month period or
3. After August 5, 1997, stopped being eligible for assistance payments because federal or state law limits the maximum period that assistance is payable, and is hired not more than 2 years after that eligibility for assistance ends.

State Certification Required

An individual is not considered a long-term family assistance recipient without SESA certification. To receive certification, submit Form 8850 to your SESA.

You must either:

1. Receive the certification by the day the individual begins work or
2. Do both of the following:
 - a. Complete Form 8850 by the day you offer the individual a job and
 - b. Submit the form to your SESA by the 21st day after the individual begins work.

See Exhibit 5.2 on page 5-5 and Exhibit 5.3 on pages 5-6 and 5-7 for instructions and a filled-in Form 8850.

In addition, mail as soon as possible either:

1. U.S. DEPARTMENT OF LABOR ETA-9061, INDIVIDUAL CHARACTERISTIC FORM (with all supporting documentation), if the employee has not been conditionally certified already by your SESA or a participating agency (see filled in example Exhibit 5.4 on page 5-8) or

2. U.S. DEPARTMENT OF LABOR ETA-9062, CONDITIONAL CERTIFICATION FORM, if provided to the applicant by a participating agency (e.g., the Job Corps).

Qualified Wages

Qualified wages are generally wages subject to FUTA taxes without regard to the FUTA dollar limit, but not more than \$10,000 each tax year for each employee. If the work performed by the employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$10,000 of that employee's wages subject to social security and Medicare taxes are qualified wages. For this credit, qualified wages also generally include the following amounts paid or incurred by the employer that are normally excludable from the employee's gross income:

1. Amounts received for medical care under accident and health plans.
2. Employer-provided coverage under accident and health plans.
3. Certain amounts excludable under an educational assistance program.
4. Amounts excludable under a dependent care assistance program.

Nonqualified Wages

Some of the most common wages that **do not** qualify include wages you pay or incur to an employee who:

1. Has worked for you for more than 2 years,
2. Is your relative or dependent,
3. Worked for you previously or
4. Does not either:
 - a. Work for you at least 180 days or
 - b. Complete at least 400 hours of service.

For a complete list of nonqualified wages, see the general instructions for Form 8861.

Amount of Credit

The following table shows the rate you apply to the qualified wages you pay or incur during each year of employment and the maximum credit you can claim each tax year for each qualified employee.

**RATE AND MAXIMUM CREDIT EACH TAX YEAR FOR EACH
LONG-TERM FAMILY ASSISTANCE RECIPIENT**

	<u>RATE</u>	<u>MAXIMUM QUALIFIED WAGES</u>	<u>MAXIMUM CREDIT</u>
QUALIFIED 1ST-YEAR WAGES	35%	\$10,000	\$3,500
QUALIFIED 2ND-YEAR WAGES	50%	\$10,000	\$5,000

Qualified First-Year Wages

Qualified first-year wages are qualified wages you pay or incur for work performed by a long-term family assistance recipient during the 1-year period beginning on the date the individual begins work for you.

Qualified Second-Year Wages

Qualified second-year wages are qualified wages you pay or incur for work performed by a long-term family assistance recipient during the 1-year period beginning on the day after the last day of the first-year wage period.

Claiming the Credit

Use Form 8661 to claim this credit (Exhibit 5.7) and file it with your tax return. For example, sole proprietors claiming the credit on their 2000 tax returns entered the credit on Form 1040, Line 49, OTHER CREDITS.

EXHIBIT 5.7 – FORM 8661, WELFARE-TO-WORK CREDIT

Form 8861 <small>Department of the Treasury Internal Revenue Service</small>	Welfare-to-Work Credit ▶ Attach to your return.	<small>OMB No. 1545-1569</small> 2000 <small>Attachment Sequence No. 107</small>
<small>Name(s) shown on return</small>		<small>Identifying number</small>
Part I Current Year Credit		
1 Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who are certified as long-term family assistance recipients and who began work for you after 1997. Members of a controlled group, see instructions.		
a Qualified first-year wages \$ _____ × 35% (.35)	1a	
b Qualified second-year wages \$ _____ × 50% (.50)	1b	
2 Current year credit. Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	
3 Welfare-to-work credits from: If you are a— a Shareholder Schedule K-1 (Form 1120S), lines 12d, 12e, or 13. b Partner Schedule K-1 (Form 1065), lines 12c, 12d, or 13. c Beneficiary Schedule K-1 (Form 1041), line 14 d Patron Written statement from cooperative	3	
4 Total current year welfare-to-work credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)	4	
Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)		
5 Regular tax before credits: • Individuals. Enter the amount from Form 1040, line 40 • Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return		
5		
6 Alternative minimum tax: • Individuals. Enter the amount from Form 6251, line 28 • Corporations. Enter the amount from Form 4626, line 15 • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 39		
6		
7 Add lines 5 and 6		
7		
8a Foreign tax credit 8a		
b Credit for child and dependent care expenses (Form 2441, line 9) 8b		
c Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) 8c		
d Education credits (Form 8863, line 18) 8d		
e Child tax credit (Form 1040, line 47) 8e		
f Mortgage interest credit (Form 8396, line 11) 8f		
g Adoption credit (Form 8839, line 14) 8g		
h District of Columbia first-time homebuyer credit (Form 8859, line 11) 8h		
i Possessions tax credit (Form 5735, line 17 or 27) 8i		
j Credit for fuel from a nonconventional source 8j		
k Qualified electric vehicle credit (Form 8834, line 19) 8k		
8l		
9 Net income tax. Subtract line 8l from line 7		
9		
10 Tentative minimum tax (see instructions): • Individuals. Enter the amount from Form 6251, line 26 • Corporations. Enter the amount from Form 4626, line 13 • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 37		
10		
11 Net regular tax. Subtract line 8l from line 5. If zero or less, enter -0-		
11		
12 Enter 25% (.25) of the excess, if any, of line 11 over \$25,000 (see instructions)		
12		
13 Enter the greater of line 10 or line 12		
13		
14 Subtract line 13 from line 9. If zero or less, enter -0-		
14		
15 Welfare-to-work credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 49; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 4a; Form 1041, Schedule G, line 2c; or the applicable line of your return		
15		

For Paperwork Reduction Act Notice, see page 3. Cat. No. 24858E Form 8861 (2000)

Complete Form 3800, GENERAL BUSINESS CREDIT, instead of completing Part II of Form 8661 to figure the tax liability limit for the credit if you are also claiming the work opportunity credit. (See Exhibit 5.6 on page 5-11.)

Effect on Salary and Wage Deduction

In general, you must reduce the deduction on your income tax return for salaries and wages by the amount of your welfare-to-work credit.

Effect of Work Opportunity Credit

You cannot claim both the welfare-to-work and the work opportunity credit for the same employee during the same tax year. In some cases, it may be more advantageous to claim the work opportunity credit the first year and the welfare-to-work credit the second year.

More Information

For more information about the welfare-to-work credit, see Form 8861 or visit the Department of Labor Web site at **www.doleta.gov** or call 1-800-695-6879 for forms and information. You can also use the Department of Labor's fax on demand service by calling (703) 365-0768 (not a toll-free number) from your fax machine and following the prompts.

Checklist**Before claiming the credit, use this checklist**

- ✓ Form 8850 completed and signed by:
 - ✓ Employer and
 - ✓ Employee
- ✓ ETA Form 9061, INDIVIDUAL CHARACTERISTICS FORM and
- ✓ Documents attached to demonstrate eligibility or
- ✓ ETA Form 9062, CONDITIONAL CERTIFICATION FORM, from an authorized participating agency.



Information must be entered on Form 8850 on or before the day a job offer is made.

Form 8850 must be postmarked within 21 days of the employee's start date and have original signatures.

ETA-9061 should be mailed as soon as possible and does not need original signatures.

Note: At the time this workbook was printed, the credit was set to expire for individuals who begin working for you after Dec. 31, 2001.

Exercise

Tanya Michelle Ellis is 21, single and a member of a family who received Food Stamps for the past six months. She interviewed for a job with Work Is Us Corporation on June 25, 2001. She was offered the job by Bill Brown, Human Resources Manager, on June 26 and hired the same day. She began working for the company as a product handler on July 2 for \$10 an hour. Tanya received TANF benefits for 18 months prior to beginning her job. She gave the personnel office the following information:

SSN: 404-00-7755

Birthdate: Sept. 12, 1979

Address: 233 E. Market St., Waterloo, TX 78799

Phone Number: (512) 555-1212.

Work Is Us Corporation's address is 456 W. Highway 12, Waterloo, TX 78799 and their phone number is (512) 555-6600. Their EIN is 74-8906543.

(A) Which credit or credits are the wages qualified for?

(1) Work opportunity credit Yes____ No____

(2) Welfare-to-work credit Yes____ No____

(B) Complete the forms required to qualify for one or both credits.

(Exhibits 5.8-and 5-9.)

(C) When should the forms be postmarked or mailed?

(1) Form 8850

(2) ETA-9061

(D) Are original signatures required on both forms?

(1) Form 8850 Yes____ No____

(2) ETA-9061 Yes____ No____

(Answers found on pages A-9 through A-12.)

EXHIBIT 5.8 – FORM 8850, PAGE 1

Form 8850 (Rev. November 1998) Department of the Treasury Internal Revenue Service	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits ▶ See separate instructions.	OMB No. 1545-1500
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Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.

Your name _____ Social security number ▶ _____

Street address where you live _____

City or town, state, and ZIP code _____

Telephone no. (____) _____ - _____

If you are under age 25, enter your date of birth (month, day, year) ____/____/____

Work Opportunity Credit

1 ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.

2 ☐ Check here if **any** of the following statements apply to you.

- I am a member of a family that has received assistance from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for any 9 months during the last 18 months.
- I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
- I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
- I am at least age 18 but **not** over age 24 and I am a member of a family that:
 - a Received food stamps for the last 6 months, OR
 - b Received food stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them.
- Within the past year, I was convicted of a felony or released from prison for a felony AND during the last 6 months I was a member of a low-income family.
- I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

Welfare-to-Work Credit

3 ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.

4 ☐ Check here if you are a member of a family that:

- Received AFDC or TANF payments for at least the last 18 months, OR
- Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, OR
- Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law limited the maximum time those payments could be made.

All Applicants

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ▶ _____ **Date** ____/____/____

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 22851L Form **8850** (Rev. 11-98)

EXHIBIT 5.8 – FORM 8850, PAGE 2

Form 8850 (Rev. 11-98)		Page 2
For Employer's Use Only		
Employer's name _____ Telephone no. () - _____ EIN ▶ _____		
Street address _____		
City or town, state, and ZIP code _____		
Person to contact, if different from above _____ Telephone no. () - _____		
Street address _____		
City or town, state, and ZIP code _____		
<p>If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 6) ▶ _____</p>		
DATE APPLICANT: Gave	Was	Was
information / /	offered	hired / /
	job / /	Started
		job / /
<p>Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.</p>		
Employer's signature ▶ _____	Title _____	Date / / _____
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>Privacy Act and Paperwork Reduction Act Notice</p> <p><i>Section references are to the Internal Revenue Code.</i></p> <p>Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family</p> </div> <div style="width: 35%;"> <p>assistance recipient. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws.</p> <p>You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.</p> </div> <div style="width: 30%;"> <p>The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:</p> <p>Recordkeeping 2 hr., 47 min.</p> <p>Learning about the law or the form 28 min.</p> <p>Preparing and sending this form to the SESA 36 min.</p> <p>If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.</p> <p>DO NOT send this form to this address. Instead, see When and Where To File in the separate instructions.</p> </div> </div>		

EXHIBIT 5.9 – ETA-9061

Individual Characteristics Form Work Opportunity Tax Credit and Welfare-to-Work Tax Credit		U.S. Department of Labor Employment and Training Administration U.S. Employment Service		
1. CONTROL NO. (For Agency Use Only)	Individual Information (Instructions on the Back)		OMB Control No.: 1205-0371 Expires: 07/31/98	
3. EMPLOYER NAME/ADDRESS		4. EMPLOYER ID NUMBER	5. EMPLOYMENT START DATE Starting Wage: \$ _____ per hour POSITION:	
7. NAME OF INDIVIDUAL (Last, First, Middle)		8. SOCIAL SECURITY NUMBER:		
The above named individual is determined to have the following characteristics for WOTC Target Group Certification:				
9. Age between 16 - 25? Yes _____ No _____ If YES, indicate your "Date of Birth" below: Date of Birth _____	10. A veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months. Yes _____ No _____ If YES, also complete Box 17.		11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months. Yes _____ No _____ If YES, also complete Box 17.	
12. Is a member of a family that received Food Stamps for the last 6 months. Yes _____ No _____ or _____ for at least a 3-month period within the last 5 months, BUT is no longer receiving them? Yes _____ No _____ If YES to either, also complete Box 17.	13. In the past year has been convicted of a felony or released from prison after a felony conviction. Yes _____ No _____ If YES, complete below: Date of Conviction _____ Date of Release _____ Total Income for the past 6 months for all family members living in the same household? Total Income: _____ (If No Income, Enter 0 above) No. of family members living in the same household for the past 6 months, including yourself: _____		14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community. Yes _____ No _____ 16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days. Yes _____ No _____	
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services program or the Veterans' Administration. Yes _____ No _____		17. If individual is not a primary recipient of benefits, please provide the following: Name of Primary Recipient _____ City/State of Benefits _____		
This section is to be completed by individuals starting work after December 31, 1997, under the Welfare-to-Work Tax Credit only.				
18. Is a member of a family that:				
<ul style="list-style-type: none"> • Has received AFDC or TANF payments for at least the last 18 consecutive months; Yes _____ No _____ or _____ • Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997; Yes _____ No _____ or _____ • Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable. Yes _____ No _____ 				
19. SOURCES USED TO DOCUMENT ELIGIBILITY:				
Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below.				
20. SIGNATURE:			21. DATE:	
Page 1 of 3			ETA-9061 (Rev. Jan. 1998)	

Notes

Answers

Lesson 5

- (A) (1) Yes
(2) Yes
- (B) See filled-in Exhibits 5.8 and 5.9 on pages A-10 through A-12
- (C) (1) Postmarked within 21 days of Tanya's start date – by July 23.
(2) Mailed as soon as possible.
- (D) (1) Yes
(2) No

ANSWER TO EXERCISE - EXHIBIT 5.8, PAGE 1

Form 8850 (Rev. November 1998) Department of the Treasury Internal Revenue Service	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits ▶ See separate instructions.	OMB No. 1545-1500
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Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.

Your name TANYA MICHELLE ELLIS Social security number ▶ 404 00 7755

Street address where you live 233 E. MARKET ST.

City or town, state, and ZIP code WATERLOO, TX 78799

Telephone no. (512) 555-1212

If you are under age 25, enter your date of birth (month, day, year) 09/12/79

Work Opportunity Credit

1 ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.

2 ☒ Check here if any of the following statements apply to you.

- I am a member of a family that has received assistance from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for any 9 months during the last 18 months.
- I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
- I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
- I am at least age 18 but **not** over age 24 and I am a member of a family that:
 - a Received food stamps for the last 6 months, OR
 - b Received food stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them.
- Within the past year, I was convicted of a felony or released from prison for a felony AND during the last 6 months I was a member of a low-income family.
- I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

Welfare-to-Work Credit

3 ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.

4 ☒ Check here if you are a member of a family that:

- Received AFDC or TANF payments for at least the last 18 months, OR
- Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, OR
- Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law limited the maximum time those payments could be made.

All Applicants

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Job applicant's signature ▶ Tanya M. Ellis Date 06/26/2001

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 22851L Form **8850** (Rev. 11-98)

ANSWER TO EXERCISE - EXHIBIT 5.8, PAGE 2

Form 8850 (Rev. 11-98)

Page **2**

For Employer's Use Only

Employer's name WORK IS US CORP. Telephone no. (512) 555-6600 EIN 74-8906543Street address 456 W. HIGHWAY 12City or town, state, and ZIP code WATERLOO, TX 78799

Person to contact, if different from above _____ Telephone no. () -

Street address _____

City or town, state, and ZIP code _____

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under **Members of Targeted Groups** in the separate instructions), enter that group number (4 or 6) ▶ _____

DATE APPLICANT:	Gave	Was	Was	Started
	information	offered	hired	job
	<u>06/25/01</u>	<u>06/26/01</u>	<u>06/26/01</u>	<u>07/02/01</u>

Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

Employer's signature ▶ Bill Brown Title H.R. Manager Date 06/26/01

Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code.

Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family

assistance recipient. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 2 hr., 47 min.
 Learning about the law or the form 28 min.
 Preparing and sending this form to the SESA 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

DO NOT send this form to this address. Instead, see **When and Where To File** in the separate instructions.

ANSWER TO EXERCISE - EXHIBIT 5.9

Individual Characteristics Form Work Opportunity Tax Credit and Welfare-to-Work Tax Credit		U.S. Department of Labor Employment and Training Administration U.S. Employment Service		
1. CONTROL NO. (For Agency Use Only)	Individual Information (Instructions on the Back)		OMB Control No.: 1205-0371 Expires: 07/31/98	
2. DATE RECEIVED (For Agency Use Only)				
3. EMPLOYER NAME/ADDRESS WORK IS US CORPORATION 456 W. HIGHWAY 12 WATERLOO, TX 78799	4. EMPLOYER ID NUMBER 74-8906543	5. EMPLOYMENT START DATE 07-02-01 Starting Wage: \$ 10.00 per hour POSITION: PRODUCT HANDLER		
6. Have you worked for the above employer before? Yes _____ No <input checked="" type="checkbox"/>				
7. NAME OF INDIVIDUAL (Last, First, Middle) ELLIS, TANYA MICHELLE		8. SOCIAL SECURITY NUMBER 404-00-7755		
The above named individual is determined to have the following characteristics for WOTC Target Group Certification:				
9. Age between 16 - 25? Yes <input checked="" type="checkbox"/> No _____ If YES, indicate your "Date of Birth" below: Date of Birth 09/12/79	10. A veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months. Yes _____ No <input checked="" type="checkbox"/> If YES, also complete Box 17.	11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months. Yes <input checked="" type="checkbox"/> No _____ If YES, also complete Box 17.		
12. Is a member of a family that received Food Stamps for the last 6 months. Yes <input checked="" type="checkbox"/> No _____ or for at least a 3-month period within the last 5 months, BUT is no longer receiving them? Yes _____ No _____ If YES to either, also complete Box 17.	13. In the past year has been convicted of a felony or released from prison after a felony conviction. Yes _____ No <input checked="" type="checkbox"/> If YES, complete below: Date of Conviction _____ Date of Release _____ Total Income for the past 6 months for all family members living in the same household? Total Income: _____ (If No Income, Enter 0 above) No. of family members living in the same household for the past 6 months, including yourself: _____	14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community. Yes _____ No <input checked="" type="checkbox"/> 16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days. Yes _____ No <input checked="" type="checkbox"/>		
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services program or the Veterans' Administration. Yes _____ No <input checked="" type="checkbox"/>	17. If individual is not a primary recipient of benefits, please provide the following: Name of Primary Recipient _____ City/State of Benefits _____			
This section is to be completed by individuals starting work after December 31, 1997, under the Welfare-to-Work Tax Credit only.				
18. Is a member of a family that:				
<ul style="list-style-type: none"> • Has received AFDC or TANF payments for at least the last 18 consecutive months: Yes <input checked="" type="checkbox"/> No _____ or • Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997: Yes _____ No _____ or • Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable. Yes _____ No _____ 				
19. SOURCES USED TO DOCUMENT ELIGIBILITY: DRIVER'S LICENSE				
Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below.				
20. SIGNATURE: Tanya M. Ellis			21. DATE: June 26, 2001	
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