

## Federal Bonding Program

The Federal Bonding Program was created as an incentive for employers to hire “at-risk,” hard-to-place job seekers and may provide an employer a business insurance policy that protects the employer against loss of money or property due to employee dishonesty. The bond is good for six months for the amount of \$5,000 at no cost.

## Where To Obtain Federal Bonding Program

To request a Federal Bond, the employer must call the Bonding Coordinator on the new employee's start date. A simple 10 minute telephone interview takes place. A confirmation letter is then sent to the employer and the McLaughlin Company, issues the bond directly to the employer.

**For questions or more information on WOTC or Federal Bonding contact:**

**TAX CREDIT SERVICES  
800-345-2555**

**Mail Tax Credit Forms To:**

**TAX CREDIT SERVICES  
651 Boas Street, 12th Floor  
Harrisburg, PA 17121-0750**

*Auxiliary aids and services are available upon request to individuals with disabilities.*

*Equal Opportunity Employer/ Program*

# EMPLOYER HIRING INCENTIVES

- **Work Opportunity Tax Credit**
- **Federal Bonding Program**



## Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit is a Federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced barriers to employment. WOTC helps targeted workers move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while participating employers are able to reduce their income tax liability.

**The Vow to Hire Heroes Act credits and the credits which expired on December 31, 2011 were both extended with the American Tax Relief Act of 2012 to December 31, 2013.**

## Minimum Employment or Retention Period

New adult hires must work a minimum of 120 hours.

## Your Business Qualifies When You Hire Eligible Individuals

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

## Applying for Tax Credits

The applicant completes the front of the **IRS Form 8850** (Pre-Screening Notice and Certification Request); the employer completes the back. **The completed IRS Form 8850 must be postmarked within 28 calendar days after the new hire's start date;**

**and** the applicant also completes the **ETA 9061** (Individual Characteristics Form). This form has no required postmark date, but should be mailed with the IRS Form 8850.

**Note: The tax credit document(s) must indicate at least one potentially eligible target group in order for the request to be processed. Requests must be filed within the time guidelines indicated.**

## Who and What Doesn't Qualify

- No tax credit may be claimed for federally subsidized On-The-Job Training (OJT); however, wages paid after OJT expires can qualify for the credit.
- Wages paid to relatives
- Rehires are not eligible for the federal tax credit.
- Qualified “tax exempt” (i.e., 501(c) ) organizations **except those who hire qualified Veterans.**

## Where To Obtain Tax Credit Forms

Forms can be downloaded at:

[www.dli.state.pa.us](http://www.dli.state.pa.us),

- Click on: Workforce Development;
- Click on: Employment Tax Credits.

Or contact:

- Pennsylvania CareerLink® Offices
- Pennsylvania Vocational Rehabilitation Offices
- Welfare County Assistance Offices

Or contact:

- Tax Credit Coordination Services  
800-345-2555

# WOTC Target Groups – Eligible New Hires

## **Veteran’s Target Groups**

- A member of a family that received SNAP benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date.
- Entitled to compensation for a service-connected disability - hired within 1 year of discharge or release from activity duty.
- Entitled to compensation for a service-connected disability - unemployed at least 6 months in the year ending on the hiring date.
- Unemployed Veteran for at least 4 weeks.
- Unemployed Veteran for at least 6 months

**Note:** To be considered a Veteran an individual must have either:

1. Served on active duty (not including training) in the U.S. Armed Forces for more than 180 days or have been discharged.
2. Released from active duty for a service-connected disability.

## **Long-term Temporary Assistance for Needy Families (TANF) Recipient:**

- A member of a family that meets one of the following circumstances:
- Received TANF benefits for at least 18 consecutive months ending on the hiring date.
- Received TANF benefits for at least 18 consecutive or non-consecutive months after August 5, 1997, and has a hiring date that is not more than 2 years after the end of the earliest 18-month period after August 5, 1997.
- Stopped being eligible for TANF payments during the past 2 years because a Federal or state law limited the maximum time those payments could be made.

## **Short-term TANF Recipient:**

- A member of a family that received TANF benefits for any 9-month period during the 18-month period ending on the hiring date.

## **SNAP (food stamp) Recipient:**

- An 18-39 year old member of a family that received Supplemental Nutrition Assistance Program (SNAP) benefits for the 6 months ending on the hiring date, or received SNAP benefits for at least 3 of the 5 months prior to being hired, but is no longer receiving them on hire date.

## **Designated Community Resident:**

- An 18-39 year old who lives within one of the federally designated Rural Renewal Counties or Empowerment Zones.

## **Vocational Rehabilitation Referral:**

- An individual with a disability who completed or is completing rehabilitative services from a state-certified agency, an Employment Network under the Ticket to Work program, or the U.S. Department of Veteran Affairs.

## **Ex-felon:**

- An individual who has been convicted of a felony and has a hiring date that is not more than 1 year after the conviction or release from prison.

## **Supplemental Security Income (SSI) recipient:**

- A recipient of SSI benefits for any month ending during the past 60-day period ending on the hire date.

## **Summer Youth Employee**

- A 16 or 17-year-old youth who works for the employer between May 1 and September 15 and lives in an Empowerment Zone.