

Fact Sheet

EMPLOYMENT AND TRAINING ADMINISTRATION

Work Opportunity Tax Credit

About WOTC

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers for hiring and employing individuals from certain targeted groups who have faced significant barriers to employment.

The WOTC may be claimed by any employer that hires and pays or incurs wages to certain individuals who are certified by a designated local agency (sometimes referred to as a state workforce agency) as being a member of one of 10 targeted groups.

The U.S. Department of Labor (DOL) and the U.S. Department of the Treasury, through the Internal Revenue Service (IRS), jointly administer the implementation of the WOTC program. DOL, through the Employment and Training Administration (ETA), provides grant funding and policy guidance to the State Workforce Development Agencies, also called State Workforce Agencies (SWA) to administer the WOTC certification process, while the IRS administers all tax-related provisions and requirements. WOTC is authorized until December 31, 2025 (Section 113 of Division EE of Pub .L.116-260 - Consolidated Appropriations Act, 2021).

WOTC targeted groups include: 1) Qualified IV-A ("TANF") recipient; 2) Qualified Veteran; 3) Qualified Ex-Felon; 4) Designated Community Resident; 5) Vocational Rehabilitation Referral; 6) Summer Youth Employee; 7) Supplemental Nutrition Assistance Program (SNAP or "food stamps") recipient; 8) Supplemental Security Income (SSI) recipient; 9) Long-term Family Assistance (Long-term TANF) recipient; and 10) Qualified Long-term Unemployment recipient.

Federal Funding

For Fiscal Year (FY) 2023, SWAs received \$18,485,000 to support the administration of WOTC, which includes the certification process and reporting data on a quarterly basis to DOL/ETA.

Performance Outcomes

- ◆ In FY 2023, SWAs issued 1,982,858 certifications
- ◆ In FY 2022, SWAs issued 2,569,056 certifications
- ◆ In FY 2021, SWAs issued 2,081,474 certifications
- ◆ In FY 2020, SWAs issued 1,620,806 certifications
- ◆ In FY 2019, SWAs issued 2,068,417 certifications

Note: Data may change due to performance reporting updates.

Information and Resources

For more information on WOTC, including how to apply for the tax credit, visit the DOL website at <https://www.dol.gov/agencies/eta/wotc>, or the IRS website at <https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit>. Email questions to Ask.WOTC@dol.gov.

