

Instructions for Form 8850



Department of the Treasury
Internal Revenue Service

(Rev. October 2002)

Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Changes To Note

- The categories of high-risk youth and summer youth employees now include qualified individuals who live in renewal communities and begin work for you after December 31, 2001.
- The work opportunity credit and the welfare-to-work credit are now allowed for qualified individuals who begin work for you before January 1, 2004.

Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to a state employment security agency (SESA) to certify an individual as:

- A member of a targeted group for purposes of qualifying for the work opportunity credit or
- A long-term family assistance recipient for purposes of qualifying for the welfare-to-work credit.

Submitting Form 8850 to the SESA is but one step in the process of qualifying for the work opportunity credit or the welfare-to-work credit. The SESA must certify the job applicant is a member of a targeted group or is a long-term family assistance recipient. After starting work, the employee must meet the minimum number-of-hours-worked requirement for the work opportunity credit or the minimum number-of-hours, number-of-days requirement for the welfare-to-work credit. The employer may elect to take the applicable credit by filing **Form 5884**, Work Opportunity Credit, or **Form 8861**, Welfare-to-Work Credit.

Note: Do not use Form 8850 with respect to New York Liberty Zone business employees. Certification is not required for these employees. See **Form 8884**, New York Liberty Zone Business Employee Credit, for details.

Who Should Complete and Sign the Form

The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on Form 8850. Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of a targeted group (as defined under **Members of Targeted Groups** on page 2) or a long-term family assistance recipient (as defined under **Welfare-to-Work Job Applicants** on page 2). If the employer believes the applicant is a member of

a targeted group or a long-term family assistance recipient, the employer completes the rest of the form no later than the day the job offer is made. Both the job applicant and the employer must sign Form 8850 no later than the date for submitting the form to the SESA.

Instructions for Employer

When and Where To File

Do not file Form 8850 with the Internal Revenue Service. Instead, file it with the work opportunity tax credit (WOTC) coordinator for your SESA no later than the 21st day after the job applicant begins work for you. You may be able to file Form 8850 electronically. See Announcement 2002-44 for details. You can find Announcement 2002-44 on page 809 of Internal Revenue Bulletin 2002-17 at www.irs.gov/pub/irs-irbs/irb02-17.pdf.

To get the name, address, phone and fax numbers, and e-mail address of the WOTC coordinator for your SESA, visit the Department of Labor Employment and Training Administration (ETA) web site at www.ows.doleta.gov/employ/tax.asp.

Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state's WOTC coordinator **either**:

- **ETA Form 9062**, Conditional Certification Form, if the job applicant received this form from a participating agency (e.g., the Jobs Corps) **or**
- **ETA Form 9061**, Individual Characteristics Form, if the job applicant did not receive a conditional certification.

You can get ETA Form 9061 from your local public employment service office, or you can download it from the ETA web site at www.ows.doleta.gov.

Recordkeeping

Keep copies of Forms 8850, along with any transmittal letters that you submit to your SESA, as long as they may be needed for the administration of the Internal Revenue Code provisions relating to the work opportunity credit and the welfare-to-work credit. Records that support these credits usually must be kept for 3 years from the date any income tax return claiming the credits is due or filed, whichever is later.

Members of Targeted Groups

A job applicant may be certified as a member of a targeted group if he or she is described in one of the following groups.

1. Qualified IV-A recipient. A member of a family receiving assistance under a state plan approved under part A of title IV of the Social Security Act relating to Temporary Assistance for Needy Families (TANF). The assistance must be received for any 9 months during the 18-month period that ends on the hiring date.

2. Qualified veteran. A veteran who is a member of a family receiving assistance under the Food Stamp program for generally at least a 3-month period during the 15-month period ending on the hiring date. See section 51(d)(3). To be considered a **veteran**, the applicant must:

- Have served on active duty (not including training) in the Armed Forces of the United States for more than 180 days or have been discharged for a service-connected disability and

- Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date.

3. Qualified ex-felon. An ex-felon who:

- Has been convicted of a felony under any Federal or state law,

- Is hired not more than 1 year after the conviction or release from prison for that felony, and

- Is a member of a family that had income on an annual basis of 70% or less of the Bureau of Labor Statistics lower living standard during the 6 months preceding the earlier of the month the income determination occurs or the month in which the hiring date occurs.

4. High-risk youth. An individual who is at least 18 but not yet 25 on the hiring date and lives in an empowerment zone, enterprise community, or renewal community.

5. Vocational rehabilitation referral. An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services under a state plan of employment or a program approved by the Department of Veterans Affairs.

6. Summer youth employee. An individual who:

- Performs services for the employer between May 1 and September 15,

- Is age 16 but not yet age 18 on the hiring date (or if later, on May 1),

- Has never worked for the employer before, and

- Lives in an empowerment zone, enterprise community, or renewal community.

7. Food stamp recipient. An individual who:

- Is at least age 18 but not yet age 25 and
- Is a member of a family that—

- a. Has received food stamps for the 6-month period ending on the hiring date or

- b. Is no longer eligible for such assistance under section 6(o) of the Food Stamp Act of 1977, but the family received food stamps for at least 3 months of the 5-month period ending on the hiring date.

8. SSI recipient. An individual who is receiving supplemental security income benefits under title XVI of the Social Security Act (including benefits of the type described in section 1616 of the Social Security Act or section 212 of Public Law 93-66) for any month ending within the 60-day period ending on the hiring date.

Empowerment zones, enterprise communities, and renewal communities. For details about rural empowerment zone and enterprise communities, you can access www.ezec.gov, call 1-800-645-4712, or contact your SESA. For details on all empowerment zones, enterprise communities, and renewal communities, you can access <http://hud.esri.com/locateservices/ezec>. You can also call HUD at 1-800-998-9999 for details on renewal communities, urban empowerment zones, and urban enterprise communities.

Note: *Parts of Washington, DC, are treated as an empowerment zone. For details, see section 1400 and Notice 98-57, 1998-2 C.B. 671 (you can find Notice 98-57 on page 9 of Internal Revenue Bulletin 1998-47 at www.irs.gov/pub/irs-irbs/irb98-47.pdf). Also, there are no areas designated in Puerto Rico, Guam, or any U.S. possession.*

Welfare-to-Work Job Applicants

An individual may be certified as a long-term family assistance recipient if he or she is a member of a family that:

- Has received TANF payments for at least 18 consecutive months ending on the hiring date, **or**
- Receives TANF payments for any 18 months (whether or not consecutive) beginning after August 5, 1997, **and** the earliest 18-month period beginning after August 5, 1997, ended within the last 2 years, **or**
- Stopped being eligible for TANF payments because Federal or state law limits the maximum period such assistance is payable **and** the individual is hired not more than 2 years after such eligibility ended.