

Instructions for Form 8850



Department of the Treasury
Internal Revenue Service

(Rev. February 2007)

Pre-Screening Notice and Certification Request for the Work Opportunity Credit

General Instructions

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

What's New

The Tax Relief and Health Care Act of 2006 extended the work opportunity and welfare-to-work credits to cover individuals who begin work for the employer before January 1, 2008. In addition, for individuals who begin work for the employer after December 31, 2006, the Act provides that the welfare-to-work credit will be combined with the work opportunity credit. To carry out these changes, section 51 was amended, and section 51A was repealed.

The Form 8850 that you are required to file with the work opportunity tax credit (WOTC) coordinator for your state workforce agency (SWA) is now due no later than the 28th day after the job applicant begins work for you.

For employees who begin work after December 31, 2006, the following changes pertaining to targeted group members apply.

- Ex-felons are no longer required to be a member of a low-income family.
- Food stamp recipients must be at least age 18 when hired, but not age 40 or older.

Note. The February 2007 revision of Form 8850 and its instructions makes minor updates to the January 2007 revisions. Employers may continue to use the January 2007 revision of Form 8850.

Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to a SWA (unless the employee checks only the Hurricane Katrina employee box) to certify an individual as a member of a targeted group for purposes of qualifying for the work opportunity credit.

Submitting Form 8850 to the SWA (unless the employee checks only the Hurricane Katrina employee box) is but one step in the process of qualifying for the work opportunity credit. The state WOTC coordinator for the SWA must certify the job applicant is a member of a targeted group. After starting work, the employee must meet the minimum number-of-hours-worked requirement for the work opportunity credit. The employer elects to take the credit by filing Form 5884, Work Opportunity Credit.



The certification requirements described above do not apply to Hurricane Katrina employees. For an employer of a Hurricane Katrina employee, this form is used to accept reasonable evidence that the worker is a Hurricane Katrina employee. It is the employer's responsibility to ascertain that the place where the employee lived on August 28, 2005, (the address on line 1 of the form) is in fact in the core disaster area (see pages 2 and 3 for a list of these

areas). The employer is not required to ask employees to furnish any documentary evidence.

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). If the employer believes the applicant is a member of a targeted group, 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 SWA.

Instructions for Employer

When and Where To File

Do not file Form 8850 with the Internal Revenue Service. Instead, if required, file it with your SWA no later than the 28th day after the job applicant begins work for you. Although electronic filing of Form 8850 is permitted, at the time these instructions were published, Colorado was the only state equipped to receive 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 email address of the WOTC coordinator for your state, visit the Department of Labor Employment and Training Administration (ETA) website at www.doleta.gov/business/Incentives/opptax.



Never include Form 8850 with a tax return or otherwise send it to the IRS, regardless of the employee's targeted group. Form 8850 should be filed with the SWA unless the employee checks only the Hurricane Katrina employee box, in which case the employer should keep the Form 8850 for its records.

Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state 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 website at www.doleta.gov/business/Incentives/opptax.

Recordkeeping

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



Hurricane Katrina employee. Form 8850 should not be filed with the SWA for employees who check only box 1 on Form 8850. Employers should keep Form 8850 for their records. If a prior version of Form 8850 was sent to the SWA indicating the employee is a Hurricane Katrina employee, the employer and employee should complete this version of Form 8850 for the employer to retain for its records. Do not attach Form 8850 to a tax return.

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.** An individual who is 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 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 or released from active duty 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, and is hired not more than 1 year after the conviction or release from prison for that felony.

4. **High-risk youth.** An individual who is at least 18 but not yet 25 on the hiring date and lives within 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 by a rehabilitation agency approved by the state, an employment network under the Ticket to Work program, or 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 within an empowerment zone, enterprise community, or renewal community.

7. **Food stamp recipient.** An individual who:

- Is at least age 18 but not yet age 40 on the hiring date, 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.

9. **Long-term family assistance recipient.** An individual who 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.

10. **Hurricane Katrina employee.** A Hurricane Katrina employee is a person who, on August 28, 2005, had a main home in the core disaster area and, within a two-year period beginning on this date, is hired to perform services principally in the core disaster area.

Gulf Opportunity (GO) Zone (Core Disaster Area). The GO Zone (also called the core disaster area) covers the portion of the Hurricane Katrina disaster area determined by the Federal Emergency Management Agency (FEMA) to be eligible for either individual only or both individual and public assistance from the Federal Government. The GO Zone covers the following areas in three states.

a. **Alabama.** The counties of Baldwin, Choctaw, Clarke, Greene, Hale, Marengo, Mobile, Pickens, Sumter, Tuscaloosa, and Washington.

b. **Louisiana.** The parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana.

c. **Mississippi.** The counties of Adams, Amite, Attala, Choctaw, Claiborne, Clarke, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Holmes, Humphreys, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River,

Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston, and Yazoo.

Empowerment zones, enterprise communities, and renewal communities. For details on all empowerment zones, enterprise communities, and renewal communities, you can use the RC/EZ/EC Address Locator at

<http://egis.hud.gov/egis/cpd/rcezec/welcome.htm>. For details about empowerment zones, enterprise communities, and renewal communities, call 1-800-998-9999, or contact your SWA. For more information about empowerment zones, enterprise communities, and renewal communities, see Publication 954, Tax Incentives for Distressed Communities.

Washington, DC. Under section 1400, parts of Washington, DC, are treated as an empowerment zone. For details, use the RC/EZ/EC Address Locator at

<http://egis.hud.gov/egis/cpd/rcezec/welcome.htm> or see Notice 98-57, on page 9 of Internal Revenue Bulletin 1998-47 at www.irs.gov/pub/irs-irbs/irb98-47.pdf.



There are no designated areas in Colorado, Delaware, Idaho, Iowa, Nebraska, Nevada, New Hampshire, North Carolina, Rhode Island, or Wyoming. There are also no areas designated in Puerto Rico, Guam, or any U.S. possession.

Member of a Family

With respect to the qualified IV-A recipient, qualified veteran, food stamp recipient, and long-term family assistance recipient, an individual whose family receives assistance for the requisite period meets the family assistance requirement of the applicable group if the individual is included on the grant (and thus receives assistance) for some portion of the specified period.