



# Work Opportunity Tax Credit

## Supports Economic Independence

The Work Opportunity Tax Credit is a federal income tax benefit administered by the U.S. Department of Labor for employers who hire individuals who may be disadvantaged in their efforts to find employment. The opportunity enables individuals to become employed, earn a steady income and become contributing taxpayers. The program also incentivizes workplace diversity and improves access to good jobs for American workers. Employers are eligible for a tax credit when hiring individuals with specified barriers to employment identified in the following groups. The Texas Workforce Commission will verify which target group applies.

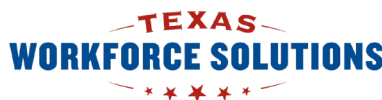
### Veterans

Target Group	Maximum Tax Credit
Disabled veterans with a service-connected disability who have been unemployed for at least six months	\$9,600
Veterans who have been unemployed for at least six months	\$5,600
Disabled veterans with a service-connected disability	\$4,800
Veterans receiving Supplemental Nutrition Assistance Program (SNAP) benefits	\$2,400
Veterans who have been unemployed for at least four weeks	\$2,400

### Others

Target Group	Maximum Tax Credit
Long-Term Family Assistance recipients who are members of a family that has received Temporary Assistance for Needy Families benefits for at least 18 consecutive months	\$9,000
Temporary Assistance for Needy Families (TANF) recipients	\$2,400
Ex-felons	
Designated community residents	
Vocational rehabilitation referrals	
Supplemental Nutrition Assistance Program (SNAP) recipients	
Supplemental Security Income recipients	
Long-Term Unemployment Recipients	\$1,200
Summer Youth program participants who are 16 to 17 years old, work between May 1 and September 15 and live in an empowerment zone	

Learn about the application process at: [twc.texas.gov/wotc](https://twc.texas.gov/wotc)



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Equal Opportunity Employer/Program. Auxiliary aids and services are available upon request to individuals with disabilities.  
Relay Texas: 800-735-2989 (TTY) and 711 (Voice). [twc.texas.gov](https://twc.texas.gov).  
WOTC is 100% federally funded at \$1,310,072 for Federal Fiscal Year 2023.



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## Calculating the Tax Credit

The Work Opportunity Tax Credit program offers tax credits based on employee retention and their qualified wages during the first year of employment. For-profit employers get a 25% credit for 120 to 399 hours worked, and 40% for 400+ hours. Non-profit employers receive 16.25% for 120 to 399 hours and 26% for 400+ hours. Long-Term Family Assistance recipients have a two-year retention period.

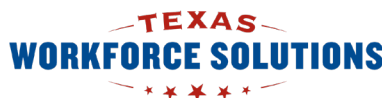
### Veterans

Target Group	Wages Up To	For-Profit 25%	For-Profit 40%	Non profit 16.25%	Non profit 26%
Disabled veterans with a service-connected disability who have been unemployed for at least six months	\$24,000	\$6,000	\$9,600	\$3,900	\$6,240
Veterans who have been unemployed for at least six months	\$14,000	\$3,500	\$5,600	\$2,275	\$3,640
Disabled veterans with a service-connected disability	\$12,000	\$3,000	\$4,800	\$1,950	\$3,120
Veterans receiving SNAP benefits	\$6,000	\$1,500	\$2,400	\$975	\$1,560
Veterans who have been unemployed for at least four weeks	\$6,000	\$1,500	\$2,400	\$975	\$1,560

### Others

Target Group	Wage Cap	For-Profit 25%	For-Profit 40%	For-Profit 50%
Long-Term Family Assistance recipients (1st Year)	\$10,000	N/A	\$4,000	N/A
Long-Term Family Assistance recipients (2nd Year)	\$10,000	N/A	N/A	\$5,000
TANF recipients	\$6,000	\$1,500	\$2,400	N/A
Ex-felons	\$6,000	\$1,500	\$2,400	N/A
Designated community residents	\$6,000	\$1,500	\$2,400	N/A
Vocational rehabilitation referrals	\$6,000	\$1,500	\$2,400	N/A
SNAP recipients	\$6,000	\$1,500	\$2,400	N/A
Supplemental Security Income recipients	\$6,000	\$1,500	\$2,400	N/A
Long-Term Unemployment Recipients	\$6,000	\$1,500	\$2,400	N/A
Summer Youth program participants	\$3,000	\$ 750	\$1,200	N/A

For additional information on how to claim the tax credit, please refer to the Internal Revenue Service's Work Opportunity Tax Credit website at <https://bit.ly/IRS-WOTC>



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