

Instructions for Form 8850

(Revised September 1997)

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.



Department of the Treasury
Internal Revenue Service

General Instructions

Changes To Note

- The Taxpayer Relief Act of 1997 ("the Act") extended the work opportunity credit for 9 months to June 30, 1998. Use this form only for individuals who begin work after September 30, 1997.
- The Act changed the work opportunity credit to a two-tiered credit, based on how long the individual is employed. See **Form 5884**, Work Opportunity Credit, for more details.
- The Act added a new targeted group, qualified supplemental security income (SSI) recipients, identified as targeted group 8. It also changed the requirements for targeted groups 1 and 2. The requirement for receipt of assistance for targeted group 1 individuals was changed from 9 **consecutive** months during the 18-month period to **any** 9 months during the period. Details of these changes and revised requirements for qualified veterans in targeted group 2 are discussed under **Members of Targeted Groups**, below.
- The Act treats parts of Washington, DC, as an empowerment zone effective January 1, 1998. This applies to individuals described in targeted groups 4 and 6.
- The Act added the new welfare-to-work credit, effective for qualified individuals who begin work after December 31, 1997, and before May 1, 1999. See **Form 8861**, Welfare-to-Work Credit, for more details. Starting January 1, 1998, use Form 8850 to pre-screen and make a written request to a state employment security agency (SESA) to certify an individual as a long-term family assistance recipient for the purpose of qualifying for this new credit. The requirements that the applicant must meet are described under **Welfare-to-Work Job Applicants** on page 2.

Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to a SESA to certify an individual as a member of a targeted group for purposes of qualifying for the work opportunity credit. For the work opportunity credit, use this form only for individuals who begin work for the employer after September 30, 1997, and before July 1, 1998.

Starting January 1, 1998, employers also use Form 8850 to pre-screen and make a written request to a SESA to certify an individual as 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 employer 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 the applicable credit form.

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** below) 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, submit it to your SESA no later than the 21st day after the job applicant begins work for you.

To get a directory of state work opportunity credit (and after December 31, 1997, welfare-to-work credit) coordinators who can tell you where to send Form 8850, visit the Department of Labor's web site at www.doleta.gov/wotc.htm, or call (202) 219-9092, ext. 137 (not a toll-free number).

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:

1. 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 Aid to Families with Dependent Children (AFDC) or any successor program. The assistance must be received for any 9 months during the 18-month period that ends on the hiring date.
2. 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. 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. An individual who is at least age 18 but not yet age 25 on the hiring date and lives in an empowerment zone or enterprise community.

The Secretary of Housing and Urban Development (HUD) designated parts of the following cities as urban empowerment zones:

- Atlanta, GA (9.29 square miles)
- Baltimore, MD (6.8 square miles)
- Philadelphia, PA/Camden, NJ (4.4 square miles)
- Chicago, IL (14.33 square miles)
- Detroit, MI (18.3 square miles)
- New York City, NY (the Bronx and Manhattan) (7.6 square miles)

The Secretary of Agriculture (USDA) designated the following rural empowerment zones:

- The Kentucky Highlands (part of Wayne and all of Clinton and Jackson counties)
- Mid-Delta, Mississippi (parts of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington counties)
- Rio Grande Valley, Texas (parts of Cameron, Hidalgo, Starr, and Willacy counties)

Effective January 1, 1998, parts of Washington, DC, are treated as an empowerment zone.

There are 65 urban and 30 rural enterprise communities located in 35 states and the District of Columbia. There are no empowerment zones or enterprise communities in Puerto Rico, Guam, or any U.S. possession.

You may call HUD at 1-800-998-9999 for information on the six urban empowerment zones and Washington, DC. You may call the USDA at 1-800-645-4712 about the rural empowerment zones. On the Internet, you can find the EZ/EC Home Page at

www.ezec.gov. Your SESA has information on where the enterprise communities are located. Also, many enterprise communities have their own web sites.

5. 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 rehabilitation plan or a program approved by the Department of Veterans Affairs.

6. 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 or enterprise community.

7. 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 and the family received food stamps for at least 3 months of the 5-month period ending on the hiring date.
- 8. 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.

Welfare-to-Work Job Applicants

An individual who begins work for the employer after December 31, 1997, may be certified as a long-term family assistance recipient if he or she is a member of a family that:

- Has received assistance payments from AFDC or a successor program for at least 18 consecutive months ending on the hiring date, OR
- Receives assistance payments from AFDC or a successor program for any 18 months (whether or not consecutive) beginning after August 5, 1997, OR
- After August 5, 1997, stops being eligible for assistance 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 for assistance ends.