

## **Notice 2015-13**

### **Work Opportunity Tax Credit (WOTC) Extension for 2014**

#### **I. PURPOSE**

This notice provides guidance on § 119 of the Tax Increase Prevention Act of 2014 (the Act), Pub. L. No. 113-295, enacted on December 19, 2014, and transition relief for employers claiming the Work Opportunity Tax Credit (WOTC) under §§ 51 and 3111(e) of the Internal Revenue Code, as extended by the Act. Section 119 of the Act amends § 51 to extend the WOTC, including the reduced credit under § 3111(e) for qualified tax-exempt organizations, through December 31, 2014. Specifically, this notice provides employers that hire members of targeted groups additional time beyond the 28-day deadline in § 51(d)(13) for submitting Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, to Designated Local Agencies (DLAs).

#### **II. BACKGROUND**

Section 51 provides the WOTC for employers that hire individuals who are members of targeted groups. Before an employer may claim the WOTC, the employer must obtain certification that the hired individual is a targeted group member. Certification of an individual's targeted group status is obtained from a DLA. A DLA is a State employment security agency established in accordance with 29 U.S.C. §§ 49-49n. An employer must submit Form 8850 to the DLA not later than the 28th day after the individual begins work for the employer.

The Returning Heroes and Wounded Warriors Work Opportunity Tax Credits, contained in § 261 of the VOW to Hire Heroes Act of 2011, Pub. L. No. 112-056 (the

VOW Act), amended § 51 to extend and expand the WOTC to employers hiring certain qualified veterans (as defined in § 51(d)(3)). The VOW Act also amended §§ 52 and 3111 to make a reduced WOTC available to organizations described in § 501(c) and exempt from taxation under § 501(a) (qualified tax-exempt organizations) as a credit against the employer share of social security tax imposed under § 3111(a) for qualified tax-exempt organizations hiring qualified veterans. The American Taxpayer Relief Act of 2012, Pub. L. No. 112-240 (ATRA), enacted on January 3, 2013, extended the WOTC for certain taxpayers through December 31, 2013. For guidance on changes made to the WOTC by the VOW Act and ATRA, see Notice 2012-13, 2012-9 I.R.B. 421, and Notice 2013-14, 2013-13 I.R.B. 712, respectively.

### **III. TRANSITION RELIEF**

Section 51(d)(13)(A) provides that an individual is not treated as a member of a targeted group unless (1) on or before the day the individual begins work, the employer obtains certification from the DLA that the individual is a member of a targeted group; or (2) the employer completes a pre-screening notice (Form 8850) on or before the day the individual is offered employment and submits such notice to the DLA to request certification not later than 28 days after the individual begins work. Because the Act extended the WOTC retroactively for 2014 for members of targeted groups, employers need additional time to comply with the requirements of § 51(d)(13)(A). Accordingly, a taxable employer that hired a member of a targeted group (as defined in §§ 51(d)(2) through (10)), or a qualified tax-exempt organization that hired a qualified veteran described in § 51(d)(3), on or after January 1, 2014, and before January 1, 2015, will be considered to have satisfied the requirements of § 51(d)(13)(A)(ii) if it submits the

completed Form 8850 to the appropriate DLA to request certification not later than April 30, 2015. A timely request for certification does not eliminate the need for the employer to receive a certification before claiming the credit.

#### **DRAFTING INFORMATION**

The principal author of this notice is Shoshanna Tanner of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding the WOTC, contact Ms. Tanner at (202) 317-5500 (not a toll-free number).