

Update: July, 2011

Tax Intelligence

Work Opportunity Credit Improvements Act – H.R. 2082

Situation

As reported in last month's Tax Intelligence, the Work Opportunity Tax Credit (WOTC) is set to expire at the end of 2011. Currently, a bill, H.R. 2082, has been presented to the House of Representatives to extend WOTC, and this bill also serves to alter WOTC and the processes and definitions around it in some significant ways. Following is an analysis of the bill:

Section 2: THREE-YEAR EXTENSION OF WORK OPPORTUNITY TAX CREDIT – this section details that the credit will be extended from its current expiration of December 31, 2011 to December 31, 2014.

Section 3: ALTERNATIVE CERTIFICATION FOR CERTAIN TARGETED GROUPS – in plain English, this portion addresses the fact that often the employer must collate disparate background information to prove that the potential hire fits into one of the WOTC categories before submitting a certification request to the State Workforce Agency (SWA). This proposed provision allows an employer to consider a hire "as having been certified" if the employer obtains and maintains the documentation as normal, but the employer will NOT need to submit this certification request to the SWA. This will alleviate significant workload from the SWA, and result in speedier certifications for the employers.

Section 4: WORK OPPORTUNITY CREDIT FOR CERTAIN RECENTLY DISCHARGED VETERANS – Re-establishes the former stimulus category classification of "Unemployed Veteran," as well as including members of the National Guard in the definition of "Veteran." Also, this section introduces a new category for "Recently Discharged Veterans."

Section 5: INCENTIVES TO HIRE HIGH-RISK YOUTHS – This recreates the "Disconnected Youth" stimulus category and renames it "High-Risk Youth."

Solution

Support through co-sponsorships of the proposed bill is the best hope to affect the extension and expansion of the Work Opportunity Tax Credit. WOTC encourages employers, large and small, to hire individuals who face barriers to employment, while providing a tax benefit to the employer. WOTC is a longstanding program that has not faced expiration in several years. Therefore, many in Washington are not familiar with the positive impact it has for both employees and employers. Accordingly, all interested parties should contact their member of the House of Representatives to request that they co-sponsor H.R. 2082.

Value

TALX has a dedicated team of experts with experience in all areas of federal, state and local taxation reviewing and monitoring new legislative developments to assist employers in capturing tax credit and incentive opportunities. If your company is interested in receiving more information on the proposed WOTC legislation, please contact Pete Krieshok at (314) 214-7325 or pkrieshok@talx.com, or visit our corporate blog at <http://blog.talx.com>.