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The new Notice also explains the rules for a new target group.

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The new Protecting Americans from Tax Hikes (PATH) Act, signed by the president late last year, restores the Work Opportunity Tax Credit (WOTC), retroactive to the beginning of 2015. The credit is available to employers who hire workers from several target groups. Now the IRS has issued transitional rules for employers claiming the WOTC (Notice 2016-22, 3/7/16).

Essentially, employers now have until June 29, 2016 to get all their ducks in a row.

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- Unemployed Veterans (including disabled veterans)
- Temporary Assistance for Needy Families (TANF) Recipients
- Food Stamp (SNAP) Recipients
- Designated Community Residents (living in Empowerment Zones or Rural Renewal Counties)
- Vocational Rehabilitation Referred Individuals
- Ex-Felons
- Supplemental Security Income Recipients
- Summer Youth Employees (living in Empowerment Zones)

Special rules may apply to certain groups. For example, the maximum credit for veteran with a service-related disability is \$9,600.

The PATH Act also establishes a new category for “long-term unemployment recipients.” Long-term unemployment recipients are defined as individuals who are unemployed for not less than 27 consecutive weeks and who have received unemployment compensation for a period of time under federal or state law. This new category is effective for employees who begin work after December 31, 2015.

An employer is required to obtain certification that an individual is a member of the targeted group before it may claim the WOTC by filing Form 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Credit) with the Department of Labor (DLA). Generally, this form must be filed within 28 days after the eligible worker begins work. In addition, an employer also must submit DLA Employment and Training Administration (ETA) Form 9061 (Individual Characteristics Form) or 9062 (Conditional Certification) to the DLA. But employers may not have filed the forms in 2015 when the WOTC was in limbo.

New transitional rules: Under Notice 2016-22, employers have been granted more

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before May 31, 2016, will be considered to have satisfied the requirements if the employer submits the completed IRS Form 8850 to the DLA to request certification no later than June 29, 2016.

Furthermore, Form 8850 and ETA Forms 9061 and 9062 are being modified, consistent with the guidance provided in Notice 2016-22, to be used to request certification for qualified long-term unemployment recipients. These modified forms and instructions will indicate the information that must be provided on the forms for the employer to be certified by the DLA.

The IRS has seen fit to provide transitional relief in the past when the WOTC has been retroactively extended. This year is no exception. But it's likely we haven't heard the last word about this: Under the PATH Act, the WOTC is scheduled to expire again on December 31, 2019.

Income Tax

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