

IRS News Release

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IRS Urges Employers to Take Advantage of Expanded Work Opportunity Tax Credit; Employers Have Until Sept. 28 to Request Certification for Many New Hires

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WASHINGTON – With a key certification deadline fast approaching, the Internal Revenue Service today urged employers to take advantage of a valuable tax credit designed to help those who hire long-term unemployment recipients, certain veterans, recipients of various kinds of public assistance and other workers who face significant barriers to employment.

The Protecting Americans from Tax Hikes (PATH) Act, enacted last December, retroactively extended the Work Opportunity Tax Credit (WOTC) for nine categories of workers hired on or after Jan. 1, 2015. For the first time, the legislation also added a tenth category for long-term unemployment recipients hired on or after Jan. 1, 2016 who had been unemployed for a period of at least 27 weeks and received state or federal unemployment benefits during part or all of that time. The special Sept. 28, 2016 certification deadline applies to eligible workers hired between Jan. 1, 2015 and Aug. 31, 2016.

Normally, to qualify for the credit, an employer must first request certification by filing IRS [Form 8850](#) with the state workforce agency within 28 days after the eligible worker begins work. But due to the late enactment of the legislation extending the WOTC and its retroactive impact, the IRS is giving employers extra time, until [Sept. 28](#), to make requests related to eligible workers hired any time in 2015 and during the first eight months of 2016. The regular 28-day rule will again apply for any eligible worker hired after Aug. 31, 2016. Other requirements and further details can be found in the [instructions](#) to Form 8850, [Notice 2016-22](#) and [Notice 2016-40](#), available on IRS.gov.

The 10 categories of WOTC-eligible workers include:

- Qualified IV-A Temporary Assistance for Needy Families (TANF) recipients
- Unemployed veterans, including disabled veterans
- Ex-felons
- Designated community residents living in Empowerment Zones or Rural Renewal Counties
- Vocational rehabilitation referrals
- Summer youth employees living in Empowerment Zones
- Food stamp (SNAP) recipients
- Supplemental Security Income (SSI) recipients

- Long-term family assistance recipients
- Qualified long-term unemployment recipients (for people who begin work after 2015).

Eligible businesses claim the WOTC on their income tax return. The credit is first figured on [Form 5884](#) and then becomes a part of the general business credit claimed on [Form 3800](#).

Though the credit is not available to tax-exempt organizations for most categories of new hires, a special rule allows them to get the WOTC for hiring qualified veterans. These organizations claim the credit on [Form 5884-C](#). Visit the [WOTC](#) page on IRS.gov for more information.