



TTAA Legislative Update

May 16, 2022



Special Tax Credit Can Help Employers Hire Workers; Key Certification Requirement Applies

With many businesses facing a tight job market, the Internal Revenue Service reminds employers to check out a valuable tax credit available for hiring long-term unemployment recipients and other groups of workers facing significant barriers to employment.

What is the WOTC?

This long-standing tax benefit encourages employers to hire workers certified as members of any of ten targeted groups facing barriers to employment.

With millions of Americans out of work at one time or another since the pandemic began, the IRS notes that one of these targeted groups is long-term unemployment recipients who have been unemployed for at least 27 consecutive weeks and received state or federal unemployment benefits during part or all of that time.

The WOTC is available for wages paid to certain individuals who begin work on or before Dec. 31, 2025.

The other groups include certain veterans and recipients of various kinds of public assistance, among others. Specifically, the 10 groups are:

- Temporary Assistance for Needy Families (TANF) recipients,
- **Unemployed veterans, including disabled veterans,**
- Formerly incarcerated individuals,
- Designated community residents living in Empowerment Zones or Rural Renewal Counties,
- Vocational rehabilitation referrals,
- Summer youth employees living in Empowerment Zones,
- Supplemental Nutrition Assistance Program (SNAP) recipients,
- Supplemental Security Income (SSI) recipients,
- Long-term family assistance recipients and
- Long-term unemployment recipients.

Qualifying for the credit

To qualify for the credit, an employer must first request certification by submitting IRS [Form 8850](#), Pre-screening Notice and Certification Request for the Work Opportunity Credit, to their state workforce agency (SWA).

It must be submitted to the SWA within 28 days after the eligible worker begins work. Employers should not submit Form 8850 to the IRS.

Helping new hires

Since many new hires may lack workplace experience, one way that employers can help these workers get off to a good start is to make sure they have the right amount of tax taken out of their pay.

A great way to do that is to encourage them to use the Tax Withholding Estimator, a free online tool available on IRS.gov.

By filling in a few key pieces of information, an employee can use the Tax Withholding Estimator to estimate the right amount of tax to have taken out of their pay. Among other things, this online tool can help them see how withholding affects their take-home pay, expected refund or tax due.

The Tax Withholding Estimator will also help them correctly fill out Form W-4, Employee's Withholding Certificate. The employee gives this form to their employer, not the IRS.

Once an employee has been on the payroll for a while, they can also use this tool to update their withholding to reflect important life changes, such as getting married, getting divorced or having a child.

The Tax Withholding Estimator can also be a useful tool for existing employees by helping them avoid a year-end tax surprise. For more information, visit [IRS.gov/Withholding](https://www.irs.gov/Withholding).

Claiming the credit

Eligible businesses then claim the WOTC on their federal income tax return. It is generally based on wages paid to eligible workers during the first year of employment. This is a one-time credit for each new hire and an employer cannot claim the WOTC for employees who are rehired.

The credit is first figured on Form 5884, Work Opportunity Credit, and then claimed on Form 3800, General Business Credit.

Though the credit is not available to tax-exempt organizations for most groups of new hires, a special rule allows them to claim the WOTC for hiring qualified veterans.

These organizations claim the credit against payroll taxes on Form 5884-C, Work Opportunity Credit for Qualified Tax Exempt Organizations Hiring Qualified Veterans.

Additionally, see the LB&I and SB/SE Joint Directive on the WOTC the IRS issued to help certain employers affected by extended delays in the WOTC certification process.

For more information about the Work Opportunity Tax Credit, visit [IRS.gov/WOTC](https://www.irs.gov/WOTC).



NEPA/CEQ Update

On May 11th, the Senate Environment and Public Works Committee (EPW) held a hearing Oversight of the Council on Environmental Quality - A Year in Review with the CEQ Chair, Brenda Mallory as the witness. At the same time, the Administration released a “Permitting Action Plan.” The White House fact sheet says this will “Accelerate and Deliver Infrastructure Projects on Time, On Task and Budget.” This was largely an announcement that steps will be taken in the future, not an announcement of actions, but it appears actions are coming soon. The emphasis of the permitting action plan seems to be on more extensive review, particularly as to climate change factors. Not surprisingly, House T&I Republicans criticized the plan in a short statement:

<https://republicans-transportation.house.gov/news/documentsingle.aspx?DocumentID=405874>

A link to the White House release (within the release is a link to the plan itself):

<https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/11/fact-sheet-biden-harris-administration-releases-permitting-action-plan-to-accelerate-and-deliver-infrastructure-projects-on-time-on-task-and-on-budget/>

During the Senate EPW hearing, a range of concerns were expressed regarding environmental regulations and recent actions to repeal modifications to NEPA under the previous Administration. The hearing confirmed the different priorities and views of members of the committee. As a refresher, AHUA comments to CEQ from November 15, 2021, can be found [here](#).

Senator Shelley Moore Capito (R-WV), Ranking Member of EPW, and others on the Committee, questioned Mallory and expressed concern with critical infrastructure project delays - <https://www.epw.senate.gov/public/index.cfm/press-releases-republican?ID=210CoF4C-A1CC-464E-9E6F-14A6D278501C>



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