

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

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Additional Transition Relief for Employers Claiming the Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit for each new hire that is a member of certain targeted groups. The Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), enacted in December of 2015, extended the WOTC through December 31, 2019, for companies hiring individuals in targeted groups including long term unemployment recipients hired after January 1, 2016.

An employer can treat an individual as a member of a targeted group only if (1) on or before the day the individual begins work, the employer obtains certification from the Designated Local Agencies (DLAs) 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.

[Notice 2016-40](#) expands and extends by three months the transition relief provided in Notice 2016-22 for meeting the 28-day deadline in Section 51(d)(13)(A)(ii) of the Tax Code. The notice applies to employers that (1) hire members of targeted groups (other than qualified long-term unemployment recipients) on or after Jan. 1, 2015, and on or before Aug. 31, 2016, or (2) hire members of the new targeted group of qualified long-term unemployment recipients on or after Jan. 1, 2016, and on or before Aug. 31, 2016. This notice does not otherwise modify or add to the guidance provided under Notice 2016-22.

In order to satisfy the requirements of § 51(d)(13)(A)(ii) of the Code, the employer must submit the completed IRS Form 8850 to the DLA to request certification no later than **September 28, 2016**.

Don't leave money on the table: Anchin's Tax Credits and Incentives Group can analyze your current situation and help you obtain and maximize valuable incentives. For more information, please contact your Anchin Relationship Partner or Paul Gevertzman, Practice Leader, Anchin's Tax Credits and Incentives Group at 212.840.3456.

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