



## 2016 Payroll Fact Sheet

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# DUE DATE EXTENDED TO CLAIM WORK OPPORTUNITY TAX CREDIT...AGAIN

The IRS recently issued **Notice 2016-40** that provides transitional relief to employers claiming the Work Opportunity Tax Credit (WOTC). The WOTC is a tax credit for employers that hire individuals that belong to one of nine different targeted groups including Veterans, Temporary Assistance Recipients, and Empowerment Zone residents. The President signed the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) in mid-December 2015 which retroactively reinstated the WOTC to Jan. 1, 2015 and extended it through Dec. 31, 2019. The IRS then issued Notice 2016-22 that provided transitional relief for employers with qualified new hires between Jan. 1, 2015 and May 31, 2016, to file the necessary documents before June 29, 2016. This new Notice allows employers an additional three months of time to complete the IRS Form 8850 and Department of Labor Form ETA 9061 (or ETA 9062) because of this retroactive application.

The old process for the WOTC established strict timelines for employers to complete the forms noted above and submit them to their State Workforce Agency (SWA) within 28 days of the start date for a qualified new hire. **Notice 2016-40 provides employers an extended due date of Sept. 28, 2016, to complete the Forms 8850 and ETA 9061 and submit to their SWA for any qualified employee hired between Jan. 1, 2015 and Aug. 31, 2016.**

It is important to note a few items for 2016. First, the Notice provides relief for the 28 day timeline for 2016 new hires even though the law was enacted in 2015. Second, the PATH Act included an additional targeted class of new hires that qualify for the tax credit, Long-Term Unemployment Recipients.

It is highly recommended that employers, believing they could qualify for this tax credit, complete the Forms 8850 and ETA 9061 as soon as possible and submit them to their SWA. In Michigan the SWA is located at: Michigan UIA, WOTC Unit, P.O. Box 8067, Royal Oak, MI 48068-8067. **However, the State of Michigan prefers that employers utilize the online services available with the MIWAM website to file the completed forms electronically. Processing times can be greatly shortened by using the online filing capabilities.**