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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION WOTC |
| | CORRESPONDENCE SYMBOL OWI |
| | DATE September 12, 2013 |

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 24-12, CHANGE 1

TO: STATE WORKFORCE ADMINISTRATORS
 STATE WORKFORCE AGENCIES
 STATE WORKFORCE LIAISONS

FROM: ERIC M. SELEZNOW /s/
 Acting Assistant Secretary

SUBJECT: Processing of Work Opportunity Tax Credit (WOTC) Certification Requests for Target Group Members Residing in Empowerment Zones (EZs)

1. **Purpose.** To provide the State Workforce Agencies (SWAs) information on the nomination extension process for EZs, and the date when SWAs can start processing certification requests for the two target groups, which require its members to reside in EZs.

2. **References.**

- Sections 309 and 327 of the American Taxpayer Relief Act of 2012 (Pub. L. 112-240);
- Title II, Section 261 of the VOW to Hire Heroes Act of 2011 (Pub. L. 112-56);
- The American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5);
- Internal Revenue Code of 1986, Section 51, as amended;
- Internal Revenue Service (IRS) Notice 2013-38 (June 17, 2013);
- IRS Notice 2013-14 (March 7, 2013);
- IRS Notice 2012-13 (February 27, 2012);
- Training and Employment Guidance Letter (TEGL) Change 1 to TEGL No. 34-12, *Non-Substantive Changes to Work Opportunity Tax Credit (WOTC) ETA Form 9061* (August 6, 2013);
- TEGL No. 34-12, *Work Opportunity Tax Credit (WOTC) Information collection Revised Reporting and Processing Forms* (June 14, 2013);
- TEGL No. 24-12, *Reauthorization of the Work Opportunity Tax Credit Program and Continuation of the VOW to Hire Heroes Act Veteran Groups and Provisions* (May 1, 2013);
- TEGL No. 10-12, *Guidance for Work Opportunity Tax Credit (WOTC) American Recovery and Reinvestment Act of 2009 (Recovery Act) Two Expired Target Groups' Applications* (December 7, 2012);

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| RESCISSIONS None | EXPIRATION DATE Continuing |
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- TEGL No. 4-12, *Revised Forms for the WOTC Program for Implementation of the Veterans Opportunity to Work to Hire Heroes Act of 2011 (VOW Act) Provisions and Other Program Changes* (July 31, 2012);
- TEGL No. 30-11, *Information and Guidance on the Work Opportunity Tax Credit Provisions Introduced by the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011, and IRS Guidance on Submission of Form 8850* (May 24, 2012);
- TEGL No. 15-11, *Work Opportunity Tax Credit (WOTC) Procedural Guidance During Authorization Lapse for Non-veteran WOTC Target Groups* (January 24, 2012);
- ETA Handbook No. 408, November 2002, Third Edition (the Handbook); and
- August 2009 Addendum to the Handbook.

3. **Background.** On December 31, 2011, the legislative authority for all WOTC non-veteran target groups and EZs expired. The Employment and Training Administration (ETA) provided guidance in TEGL No. 15-11 regarding requests for certifications for the non-veteran target groups submitted to SWAs during the authorization lapse. The guidance directed states to continue accepting applications for employees in these groups hired on or after January 1, 2012, but to postpone final processing of those certification requests pending further legislative action and guidance.

On January 2, 2013, President Obama signed the American Taxpayer Relief Act of 2012 (Act). Section 327 reauthorized retroactively the EZs and Section 309 retroactively extended the WOTC program for non-veteran target groups, both through December 31, 2013. The retroactive extension applies to individuals who began to work for an employer on or after December 31, 2011, and before January 1, 2014. Section 309 also extended the WOTC veterans target groups through December 31, 2013.

TEGL No. 24-12, Section 10 (available at: <http://www.doleta.gov/business/incentives/opptax/guidance.cfm>) explained that while the Act did provide legislative reauthorization for the EZ designation, to extend the designations, state and local governments must amend their nominations for designation to change the termination date to December 31, 2013, because they had earlier terminations dates. As a result, ETA instructed the SWAs to continue to accept timely filed certification requests for the Summer Youth and Designated Community Resident target groups (since both groups require residence in EZs) but to hold off on processing those requests pending further guidance from ETA.

4. **Empowerment Zone Designation Extension.** IRS worked with the U.S. Departments of Agriculture and Housing and Urban Development (HUD) to provide guidance to state and local governments on how to amend the nomination of an EZ designation to provide for a new termination date of December 31, 2013. According to IRS Notice 2013-38 (available at http://www.irs.gov/irb/2013-25_IRB/ar06.html), any nomination for an EZ that was in effect on December 31, 2009, is deemed to be amended to provide for a new termination date of December 31, 2013, unless the nominating entity sent written notification to the IRS by July 29, 2013. The written notification must have affirmatively declined extension of the EZ nomination through December 31, 2013.

5. **Processing Guidance for State Workforce Agencies.** Effective the date of issuance of this TEGL, SWAs are instructed to start processing all timely filed certification requests for the two target groups which require its eligible members to reside in EZs: 1) Summer Youth and 2) Designated Community Residents.

IRS received no notifications from state and local governments declining the extension. The list of active EZs, those that have a new termination date of December 31, 2013, is available on the HUD's EZ/Renewal Communities Address Locator at www.hud.gov/crlocator.

The EZ for the District of Columbia was not reauthorized by the Act, and as such is no longer an EZ-designated area for the two WOTC target groups (see instructions on EZs in the January 2013 revised IRS Form 8850).

6. **Action Requested.** SWA administrators are requested to:

- Provide this information to all appropriate WOTC program State Coordinators, related staff, employers and their representatives, participating agencies and other interested partners; and
- Ensure that the WOTC State Coordinators and participating agencies implement immediately the requirements outlined in this TEGL.

7. **Inquiries.** Please direct questions regarding this guidance to the appropriate WOTC Regional Coordinator listed on the WOTC program Web site at: <http://www.doleta.gov/wotc>.