

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	CLASSIFICATION WOTC/WTWTC
	CORRESPONDENCE SYMBOL OWI
	DATE February 9, 2006

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 14-05

TO: ALL STATE WORKFORCE AGENCIES  
ALL STATE WORKFORCE LIAISONS

FROM: EMILY STOVER DeROCCO  
Assistant Secretary 

SUBJECT: Work Opportunity Tax Credit and Welfare-to-Work Tax Credit Program  
Guidance for Period of Authorization Lapse

- Purpose.** To provide program guidance to state workforce agencies (SWAs) on processing of requests for certification under the Work Opportunity Tax Credit (WOTC) and Welfare-to-Work Tax Credit (WtWTC) due to their expiration on December 31, 2005. This guidance covers the period January 1, 2006, through September 30, 2006. If the WOTC and WtWTC program has not been reauthorized by September 30, 2006, additional guidance will be issued.
- References.** The Working Families Tax Relief Act of 2005 (P.L. 108-311); Internal Revenue Code of 1986, Sections 51 and 51A, as amended; May 2005, Addendum to-; and ETA Handbook No. 408, Third Edition, November 2002.
- Background.** The legislative authority for the WOTC and WtWTC program will expire on December 31, 2005. Although Congress introduced bills to reauthorize these tax credits, no final legislation was enacted. A hiatus is not new to the WOTC and WtWTC program. In the past, when the tax credits lapsed and Congress subsequently reauthorized the program, legislative provisions allowed for retroactive certification of eligibility for the period between the expiration date and the reauthorization date.

However, for employers to be eligible for the tax credits during the hiatus period, they are required to file requests for certification in a timely manner, and states need to receive and log them in for subsequent approval or denial after legislative provisions reauthorizing the tax credits take effect. Employers that do not file for WOTC/WtWTC certification during the hiatus will be denied the credit.

RESCISSIONS	EXPIRATION DATE
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Although Congress has, in the past, provided for retroactive certifications there is no guarantee that this will happen again or that employer new hires during this hiatus will be certified for the tax credits. However, in the event that the tax credits are reauthorized with retroactive provisions, proper management of employer certification requests should help prevent large backlogs.

4. **Action Required.** State workforce agency administrators are advised to:

- a. Increase employer awareness regarding the WOTC and WtWTC authorization lapse and the conditions for employers to file certification requests for new hires during this period;
- b. Notify employers that although Congress has provided for retroactive eligibility certification in the past, certifications for an employer's new hires during this hiatus are not guaranteed; and
- c. Ensure all appropriate WOTC State Coordinators and related staff become familiar with the contents of this TEGL and take appropriate measures to ensure it is implemented in a timely manner.

SWAs are also requested to adhere to the following procedures:

***Mandatory Procedures:***

- SWAs must accept and fully process all WOTC and WtWTC certification requests for employer hires made prior to January 1, 2006.
- SWAs must accept, date stamp, log, and retain certification requests for employer new hires made between January 1 and September 30, 2006. However, states may not issue eligibility certifications unless the program is reauthorized.
- SWAs and participating agencies (PAs) should continue to issue conditional certifications. States should notify all PAs of this guidance upon receipt of this advisory.-

***Voluntary Procedures:***

- States may conduct all steps necessary to process certification requests up to, but not including, issuance of the actual certification or denial.

- Those states that exhaust FY 2005 or 2006 funds to administer the WOTC and WtWTC program during the hiatus may utilize Wagner-Peyser Act, Sections 7(a) and (b) funds, as well as general funding sources, to process any existing backlogs.
5. **Inquiries.** Direct all questions to the appropriate Regional WOTC Coordinator.  
<http://www.uses.doleta.gov/wotcdata.asp>