Pub. L. 97–354, § 5(a)(10), Oct. 19, 1982, 96 Stat. 1693; Pub. L. 101–239, title VII, § 7644, Dec. 19, 1989, 103 Stat. 2381, provided for the definition of terms related to the expenses of work incentive programs, limitations on such expenses, and special rules to be applied in connection with the computation of the credit.

Subsequent to repeal, Pub. L. 101–239, title VII, § 7644(a), Dec. 19, 1989, 103 Stat. 2381, provided that:

''(a) IN GENERAL.—So much of subparagraph (A) of section 50B(h)(1) of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1982) as precedes clause (i) thereof is amended to read as follows:

'' ''(A) who has been certified (or for whom a written request for certification has been made) on or before the day the individual began work for the taxpayer by the Secretary of Labor or by the appropriate agency of State or local government as—'.

''(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of credits first claimed after March 11, 1987.''

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98–369, set out as an Effective Date of 1984 Amendment note under section 21 of this title.

SUBPART F—RULES FOR COMPUTING WORK OPPORTUNITY CREDIT

Sec.
51. Amount of credit.
[51A. Repealed.]
52. Special rules.

AMENDMENTS

2006—Pub. L. 109–432, div. A, title I, § 105(e)(4)(B), Dec. 20, 2006, 120 Stat. 2937, struck out item 51A ''Temporary incentives for employing long-term family assistance recipients''.

1997—Pub. L. 105–34, title VIII, § 801(b), Aug. 5, 1997, 111 Stat. 871, added item 51A.

1996—Pub. L. 104–188, title I, § 1201(e)(2), Aug. 20, 1996, 110 Stat. 1772, substituted ''Work Opportunity Credit'' for ''Targeted Jobs Credit'' in subpart heading.

1984—Pub. L. 98–369, div. A, title IV, § 474(n)(1), (2), (p)(9), July 18, 1984, 98 Stat. 833, 838, substituted ''F'' for ''D'' as subpart designation, substituted ''Rules for Computing Targeted Jobs Credit'' for ''Rules for Computing Credit for Employment of Certain New Employees'' in heading, and struck out item 53 ''Limitation based on amount of tax''.

§ 51. Amount of credit

(a) Determination of amount

For purposes of section 38, the amount of the work opportunity credit determined under this section for the taxable year shall be equal to 40 percent of the qualified first-year wages for such year.

(b) Qualified wages defined

For purposes of this subpart—

(1) In general

The term ''qualified wages'' means the wages paid or incurred by the employer during the taxable year to individuals who are members of a targeted group.

(2) Qualified first-year wages

The term ''qualified first-year wages'' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

(3) Limitation on wages per year taken into account

The amount of the qualified first-year wages which may be taken into account with respect to any individual shall not exceed $6,000 per year ($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)).

(c) Wages defined

For purposes of this subpart—

(1) In general

Except as otherwise provided in this subsection and subsection (h)(2), the term ''wages'' has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

(2) On-the-job training and work supplementation payments

(A) Exclusion for employers receiving on-the-job training payments

The term ''wages'' shall not include any amounts paid or incurred by an employer for any period to any individual for whom the employer receives federally funded payments for on-the-job training of such individual for such period.

(B) Reduction for work supplementation payments to employers

The amount of wages which would (but for this subparagraph) be qualified wages under this section for an employer with respect to an individual for a taxable year shall be reduced by an amount equal to the amount of the payments made to such employer (however utilized by such employer) with respect to such individual for such taxable year under a program established under section 482(e)[1] of the Social Security Act.

(3) Payments for services during labor disputes

If—

(A) the principal place of employment of an individual with the employer is at a plant or facility, and

(B) there is a strike or lockout involving employees at such plant or facility,

the term ''wages'' shall not include any amount paid or incurred by the employer to such individual for services which are the same as, or substantially similar to, those services performed by employees participating in, or affected by, the strike or lockout during the period of such strike or lockout.

(4) Termination

The term ''wages'' shall not include any amount paid or incurred to an individual who begins work for the employer—

(A) after December 31, 1994, and before October 1, 1996, or

(B) after August 31, 2011.

(d) Members of targeted groups

For purposes of this subpart—

[1] See References in Text note below.

(1) In general

An individual is a member of a targeted group if such individual is—

(A) a qualified IV–A recipient,

(B) a qualified veteran,

(C) a qualified ex-felon,

(D) a designated community resident,

(E) a vocational rehabilitation referral,

(F) a qualified summer youth employee,

(G) a qualified supplemental nutrition assistance program benefits recipient,

(H) a qualified SSI recipient, or

(I) a long-term family assistance recipient.

(2) Qualified IV–A recipient

(A) In general

The term ''qualified IV–A recipient'' means any individual who is certified by the designated local agency as being a member of a family receiving assistance under a IV–A program for any 9 months during the 18-month period ending on the hiring date.

(B) IV–A program

For purposes of this paragraph, the term ''IV–A program'' means any program providing assistance under a State program funded under part A of title IV of the Social Security Act and any successor of such program.

(3) Qualified veteran

(A) In general

The term ''qualified veteran'' means any veteran who is certified by the designated local agency as—

(i) being a member of a family receiving assistance under a supplemental nutrition assistance program under the Food and Nutrition Act of 2008 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

(ii) entitled to compensation for a service-connected disability, and—

(I) having a hiring date which is not more that 1 year after having been discharged or released from active duty in the Armed Forces of the United States, or

(II) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.

(B) Veteran

For purposes of subparagraph (A), the term ''veteran'' means any individual who is certified by the designated local agency as—

(i)(I) having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or

(II) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, and

(ii) not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces of the United States.

For purposes of clause (ii), the term ''extended active duty'' means a period of more than 90 days during which the individual was on active duty (other than active duty for training).

(C) Other definitions

For purposes of subparagraph (A), the terms ''compensation'' and ''service-connected'' have the meanings given such terms under section 101 of title 38, United States Code.

(4) Qualified ex-felon

The term ''qualified ex-felon'' means any individual who is certified by the designated local agency—

(A) as having been convicted of a felony under any statute of the United States or any State, and

(B) as having a hiring date which is not more than 1 year after the last date on which such individual was so convicted or was released from prison.

(5) Designated community residents

(A) In general

The term ''designated community resident'' means any individual who is certified by the designated local agency—

(i) as having attained age 18 but not age 40 on the hiring date, and

(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

(B) Individual must continue to reside in zone, community, or county

In the case of a designated community resident, the term ''qualified wages'' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

(C) Rural renewal county

For purposes of this paragraph, the term ''rural renewal county'' means any county which—

(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

(6) Vocational rehabilitation referral

The term ''vocational rehabilitation referral'' means any individual who is certified by the designated local agency as—

(A) having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and

(B) having been referred to the employer upon completion of (or while receiving) rehabilitative services pursuant to—

(i) an individualized written plan for employment under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973,

(ii) a program of vocational rehabilitation carried out under chapter 31 of title 38, United States Code, or

(iii) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.

(7) Qualified summer youth employee

(A) In general

The term ''qualified summer youth employee'' means any individual—

(i) who performs services for the employer between May 1 and September 15,

(ii) who is certified by the designated local agency as having attained age 16 but not 18 on the hiring date (or if later, on May 1 of the calendar year involved),

(iii) who has not been an employee of the employer during any period prior to the 90-day period described in subparagraph (B)(i), and

(iv) who is certified by the designated local agency as having his principal place of abode within an empowerment zone, enterprise community, or renewal community.

(B) Special rules for determining amount of credit

For purposes of applying this subpart to wages paid or incurred to any qualified summer youth employee—

(i) subsection (b)(2) shall be applied by substituting ''any 90-day period between May 1 and September 15'' for ''the 1-year period beginning with the day the individual begins work for the employer'', and

(ii) subsection (b)(3) shall be applied by substituting ''$3,000'' for ''$6,000''.

The preceding sentence shall not apply to an individual who, with respect to the same employer, is certified as a member of another targeted group after such individual has been a qualified summer youth employee.

(C) Youth must continue to reside in zone or community

Paragraph (5)(B) shall apply for purposes of subparagraph (A)(iv).

(8) Qualified food stamp recipient[2]

(A) In general

The term ''qualified supplemental nutrition assistance program benefits recipient'' means any individual who is certified by the designated local agency—

(i) as having attained age 18 but not age 40 on the hiring date, and

(ii) as being a member of a family—

(I) receiving assistance under a supplemental nutrition assistance program under the Food and Nutrition Act of 2008 for the 6-month period ending on the hiring date, or

(II) receiving such assistance for at least 3 months of the 5-month period ending on the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(*o*) of the Food and Nutrition Act of 2008.

(B) Participation information

Notwithstanding any other provision of law, the Secretary of the Treasury and the Secretary of Agriculture shall enter into an agreement to provide information to designated local agencies with respect to participation in the supplemental nutrition assistance program.

(9) Qualified SSI recipient

The term ''qualified SSI recipient'' means any individual who is certified by the designated local agency as receiving supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93–66) for any month ending within the 60-day period ending on the hiring date.

(10) Long-term family assistance recipient

The term ''long-term family assistance recipient'' means any individual who is certified by the designated local agency—

(A) as being a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least the 18-month period ending on the hiring date,

(B)(i) as being a member of a family receiving such assistance for 18 months beginning after August 5, 1997, and

(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

(C)(i) as being a member of a family which ceased to be eligible for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

(ii) as having a hiring date which is not more than 2 years after the date of such cessation.

(11) Hiring date

The term ''hiring date'' means the day the individual is hired by the employer.

(12) Designated local agency

The term ''designated local agency'' means a State employment security agency established in accordance with the Act of June 6, 1933, as amended (29 U.S.C. 49–49n).

(13) Special rules for certifications

(A) In general

An individual shall not be treated as a member of a targeted group unless—

(i) on or before the day on which such individual begins work for the employer, the employer has received a certification from a designated local agency that such individual is a member of a targeted group, or

(ii)(I) on or before the day the individual is offered employment with the employer, a pre-screening notice is completed by the employer with respect to such individual, and

(II) not later than the 28th day after the individual begins work for the employer,

[2] So in original. Probably should be ''Qualified supplemental nutrition assistance program benefits recipient''.

the employer submits such notice, signed by the employer and the individual under penalties of perjury, to the designated local agency as part of a written request for such a certification from such agency.

For purposes of this paragraph, the term ''pre-screening notice'' means a document (in such form as the Secretary shall prescribe) which contains information provided by the individual on the basis of which the employer believes that the individual is a member of a targeted group.

(B) Incorrect certifications

If—

(i) an individual has been certified by a designated local agency as a member of a targeted group, and

(ii) such certification is incorrect because it was based on false information provided by such individual,

the certification shall be revoked and wages paid by the employer after the date on which notice of revocation is received by the employer shall not be treated as qualified wages.

(C) Explanation of denial of request

If a designated local agency denies a request for certification of membership in a targeted group, such agency shall provide to the person making such request a written explanation of the reasons for such denial.

(14) Credit allowed for unemployed veterans and disconnected youth hired in 2009 or 2010

(A) In general

Any unemployed veteran or disconnected youth who begins work for the employer during 2009 or 2010 shall be treated as a member of a targeted group for purposes of this subpart.

(B) Definitions

For purposes of this paragraph—

(i) Unemployed veteran

The term ''unemployed veteran'' means any veteran (as defined in paragraph (3)(B), determined without regard to clause (ii) thereof) who is certified by the designated local agency as—

(I) having been discharged or released from active duty in the Armed Forces at any time during the 5-year period ending on the hiring date, and

(II) being in receipt of unemployment compensation under State or Federal law for not less than 4 weeks during the 1-year period ending on the hiring date.

(ii) Disconnected youth

The term ''disconnected youth'' means any individual who is certified by the designated local agency—

(I) as having attained age 16 but not age 25 on the hiring date,

(II) as not regularly attending any secondary, technical, or post-secondary school during the 6-month period preceding the hiring date,

(III) as not regularly employed during such 6-month period, and

(IV) as not readily employable by reason of lacking a sufficient number of basic skills.

(e) Credit for second-year wages for employment of long-term family assistance recipients

(1) In general

With respect to the employment of a long-term family assistance recipient—

(A) the amount of the work opportunity credit determined under this section for the taxable year shall include 50 percent of the qualified second-year wages for such year, and

(B) in lieu of applying subsection (b)(3), the amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to such a recipient shall not exceed $10,000 per year.

(2) Qualified second-year wages

For purposes of this subsection, the term ''qualified second-year wages'' means qualified wages—

(A) which are paid to a long-term family assistance recipient, and

(B) which are attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

(3) Special rules for agricultural and railway labor

If such recipient is an employee to whom subparagraph (A) or (B) of subsection (h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

(A) such subparagraph (A) shall be applied by substituting ''$10,000'' for ''$6,000'', and

(B) such subparagraph (B) shall be applied by substituting ''$833.33'' for ''$500''.

(f) Remuneration must be for trade or business employment

(1) In general

For purposes of this subpart, remuneration paid by an employer to an employee during any taxable year shall be taken into account only if more than one-half of the remuneration so paid is for services performed in a trade or business of the employer.

(2) Special rule for certain determination

Any determination as to whether paragraph (1), or subparagraph (A) or (B) of subsection (h)(1), applies with respect to any employee for any taxable year shall be made without regard to subsections (a) and (b) of section 52.

(g) United States Employment Service to notify employers of availability of credit

The United States Employment Service, in consultation with the Internal Revenue Service, shall take such steps as may be necessary or appropriate to keep employers apprised of the availability of the work opportunity credit determined under this subpart.

(h) Special rules for agricultural labor and railway labor

For purposes of this subpart—

(1) Unemployment insurance wages

(A) Agricultural labor

If the services performed by any employee for an employer during more than one-half of any pay period (within the meaning of section 3306(d)) taken into account with respect to any year constitute agricultural labor (within the meaning of section 3306(k)), the term ''unemployment insurance wages'' means, with respect to the remuneration paid by the employer to such employee for such year, an amount equal to so much of such remuneration as constitutes ''wages'' within the meaning of section 3121(a), except that the contribution and benefit base for each calendar year shall be deemed to be $6,000.

(B) Railway labor

If more than one-half of remuneration paid by an employer to an employee during any year is remuneration for service described in section 3306(c)(9), the term ''unemployment insurance wages'' means, with respect to such employee for such year, an amount equal to so much of the remuneration paid to such employee during such year which would be subject to contributions under section 8(a) of the Railroad Unemployment Insurance Act (45 U.S.C. 358(a)) if the maximum amount subject to such contributions were $500 per month.

(2) Wages

In any case to which subparagraph (A) or (B) of paragraph (1) applies, the term ''wages'' means unemployment insurance wages (determined without regard to any dollar limitation).

(i) Certain individuals ineligible

(1) Related individuals

No wages shall be taken into account under subsection (a) with respect to an individual who—

(A) bears any of the relationships described in subparagraphs (A) through (G) of section 152(d)(2) to the taxpayer, or, if the taxpayer is a corporation, to an individual who owns, directly or indirectly, more than 50 percent in value of the outstanding stock of the corporation, or, if the taxpayer is an entity other than a corporation, to any individual who owns, directly or indirectly, more than 50 percent of the capital and profits interests in the entity,[3] (determined with the application of section 267(c)),

(B) if the taxpayer is an estate or trust, is a grantor, beneficiary, or fiduciary of the estate or trust, or is an individual who bears any of the relationships described in subparagraphs (A) through (G) of section 152(d)(2) to a grantor, beneficiary, or fiduciary of the estate or trust, or

(C) is a dependent (described in section 152(d)(2)(H)) of the taxpayer, or, if the taxpayer is a corporation, of an individual described in subparagraph (A), or, if the taxpayer is an estate or trust, of a grantor, beneficiary, or fiduciary of the estate or trust.

[3] So in original. The comma probably should not appear.

(2) Nonqualifying rehires

No wages shall be taken into account under subsection (a) with respect to any individual if, prior to the hiring date of such individual, such individual had been employed by the employer at any time.

(3) Individuals not meeting minimum employment periods

(A) Reduction of credit for individuals performing fewer than 400 hours of service

In the case of an individual who has performed at least 120 hours, but less than 400 hours, of service for the employer, subsection (a) shall be applied by substituting ''25 percent'' for ''40 percent''.

(B) Denial of credit for individuals performing fewer than 120 hours of service

No wages shall be taken into account under subsection (a) with respect to any individual unless such individual has performed at least 120 hours of service for the employer.

(j) Election to have work opportunity credit not apply

(1) In general

A taxpayer may elect to have this section not apply for any taxable year.

(2) Time for making election

An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

(3) Manner of making election

An election under paragraph (1) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe.

(k) Treatment of successor employers; treatment of employees performing services for other persons

(1) Treatment of successor employers

Under regulations prescribed by the Secretary, in the case of a successor employer referred to in section 3306(b)(1), the determination of the amount of the credit under this section with respect to wages paid by such successor employer shall be made in the same manner as if such wages were paid by the predecessor employer referred to in such section.

(2) Treatment of employees performing services for other persons

No credit shall be determined under this section with respect to remuneration paid by an employer to an employee for services performed by such employee for another person unless the amount reasonably expected to be received by the employer for such services from such other person exceeds the remuneration paid by the employer to such employee for such services.

(Added Pub. L. 95–30, title II, § 202(b), May 23, 1977, 91 Stat. 141; amended Pub. L. 95–600, title III, § 321(a), Nov. 6, 1978, 92 Stat. 2830; Pub. L. 96–222, title I, § 103(a)(6)(A), (E), (F), (G)(iii)–(ix),

Apr. 1, 1980, 94 Stat. 209, 210; Pub. L. 97–34, title II, § 261(a)–(b)(2)(A), (B)(ii)–(f)(1), Aug. 13, 1981, 95 Stat. 260–262; Pub. L. 97–248, title II, § 233(a)–(d), (f), Sept. 3, 1982, 96 Stat. 501, 502; Pub. L. 97–448, title I, § 102(*l*)(1), (3), (4), Jan. 12, 1983, 96 Stat. 2374; Pub. L. 98–369, div. A, title IV, § 474(p)(1)–(3), title VII, § 712(n), title X, § 1041(a), (c)(1)–(4), div. B, title VI, §§ 2638(b), 2663(j)(5)(A), July 18, 1984, 98 Stat. 837, 955, 1042, 1043, 1144, 1171; Pub. L. 99–514, title XVII, § 1701(a)–(c), title XVIII, § 1878(f)(1), Oct. 22, 1986, 100 Stat. 2772, 2904; Pub. L. 100–203, title X, § 10601(a), Dec. 22, 1987, 101 Stat. 1330–451; Pub. L. 100–485, title II, § 202(c)(6), Oct. 13, 1988, 102 Stat. 2378; Pub. L. 100–647, title I, § 1017(a), title IV, § 4010(a), (c)(1), (d)(1), Nov. 10, 1988, 102 Stat. 3575, 3655; Pub. L. 101–239, title VII, § 7103(a), (c)(1), Dec. 19, 1989, 103 Stat. 2305; Pub. L. 101–508, title XI, § 11405(a), Nov. 5, 1990, 104 Stat. 1388–473; Pub. L. 102–227, title I, § 105(a), Dec. 11, 1991, 105 Stat. 1687; Pub. L. 103–66, title XIII, §§ 13102(a), 13302(d), Aug. 10, 1993, 107 Stat. 420, 556; Pub. L. 104–188, title I, § 1201(a)–(e)(1), (5), (f), Aug. 20, 1996, 110 Stat. 1768–1772; Pub. L. 104–193, title I, § 110(*l*)(1), Aug. 22, 1996, 110 Stat. 2173; Pub. L. 105–33, title V, § 5514(a)(1), Aug. 5, 1997, 111 Stat. 620; Pub. L. 105–34, title VI, § 603(a)–(d), Aug. 5, 1997, 111 Stat. 862; Pub. L. 105–277, div. J, title I, § 1002(a), title IV, § 4006(c)(1), Oct. 21, 1998, 112 Stat. 2681–888, 2681–912; Pub. L. 106–170, title V, § 505(a), (b), Dec. 17, 1999, 113 Stat. 1921; Pub. L. 106–554, § 1(a)(7) [title I, § 102(a)–(c), title III, § 316(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A–600, 2763A–644; Pub. L. 107–147, title VI, § 604(a), Mar. 9, 2002, 116 Stat. 59; Pub. L. 108–311, title II, § 207(5), title III, § 303(a)(1), Oct. 4, 2004, 118 Stat. 1177, 1179; Pub. L. 109–432, div. A, title I, § 105(a)–(e)(3), Dec. 20, 2006, 120 Stat. 2936, 2937; Pub. L. 110–28, title VIII, § 8211(a)–(d), May 25, 2007, 121 Stat. 191; Pub. L. 110–234, title IV, § 4002(b)(1)(A), (B), (D), (2)(O), May 22, 2008, 122 Stat. 1095–1097; Pub. L. 110–246, § 4(a), title IV, § 4002(b)(1)(A), (B), (D), (2)(O), June 18, 2008, 122 Stat. 1664, 1857, 1858; Pub. L. 111–5, div. B, title I, § 1221(a), Feb. 17, 2009, 123 Stat. 337.)

References in Text

The Social Security Act, referred to in subsecs. (c)(2)(B) and (d)(2)(B), (6)(B)(iii), (9), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Part A of title IV of the Act is classified generally to part A (§ 601 et seq.) of subchapter IV of chapter 7 of Title 42, The Public Health and Welfare. Title XVI of the Act is classified generally to subchapter XVI (§ 1381 et seq.) of chapter 7 of Title 42. Section 482 of the Act, which was classified to section 682 of Title 42, was repealed by Pub. L. 104–193, title I, § 108(e), Aug. 22, 1996, 110 Stat. 2167. Sections 1148(g) and 1616 of the Act are classified to sections 1320b–19(g) and 1382e, respectively, of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

The Food and Nutrition Act of 2008, referred to in subsec. (d)(3)(A)(i), (8)(A)(ii), is Pub. L. 88–525, Aug. 31, 1964, 78 Stat. 703, which is classified generally to chapter 51 (§ 2011 et seq.) of Title 7, Agriculture. Section 6(*o*) of the Act is classified to section 2015(*o*) of Title 7. For complete classification of this Act to the Code, see Short Title note set out under section 2011 of Title 7 and Tables.

The Rehabilitation Act of 1973, referred to in subsec. (d)(6)(B)(i), is Pub. L. 93–112, Sept. 26, 1973, 87 Stat. 355, as amended, which is classified generally to chapter 16 (§ 701 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 701 of Title 29 and Tables.

Section 212 of Public Law 93–66, referred to in subsec. (d)(9), is set out as a note under section 1382 of Title 42, The Public Health and Welfare.

Act of June 6, 1933, referred to in subsec. (d)(12), is act June 6, 1933, ch. 49, 48 Stat. 113, as amended, popularly known as the Wagner-Peyser Act, which is classified generally to chapter 4B (§ 49 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 49 of Title 29 and Tables.

Codification

Pub. L. 110–234 and Pub. L. 110–246 made identical amendments to this section. The amendments by Pub. L. 110–234 were repealed by section 4(a) of Pub. L. 110–246.

Prior Provisions

A prior section 51, added Pub. L. 90–364, title I, § 102(a), June 28, 1968, 82 Stat. 252; amended Pub. L. 91–53, § 5(a), Aug. 7, 1969, 83 Stat. 93; Pub. L. 91–172, title III, § 301(b)(5), title VII, § 701(a), Dec. 30, 1969, 83 Stat. 585, 657, related to the imposition of a tax surcharge, prior to repeal by Pub. L. 94–455, title XIX, § 1901(a)(7), Oct. 4, 1976, 90 Stat. 1765.

Amendments

2009—Subsec. (d)(14). Pub. L. 111–5 added par. (14).

2008—Subsec. (d)(1)(G). Pub. L. 110–246, § 4002(b)(1)(D), (2)(O), substituted ''supplemental nutrition assistance program benefits'' for ''food stamp''.

Subsec. (d)(3)(A)(i). Pub. L. 110–246, § 4002(b)(1)(A), (B), (2)(O), substituted ''Food and Nutrition Act of 2008'' for ''Food Stamp Act of 1977'' and ''supplemental nutrition assistance program'' for ''food stamp program''.

Subsec. (d)(8)(A). Pub. L. 110–246, § 4002(b)(1)(D), (2)(O), substituted ''supplemental nutrition assistance program benefits'' for ''food stamp'' in introductory provisions.

Subsec. (d)(8)(A)(ii)(I). Pub. L. 110–246, § 4002(b)(1)(A), (B), (2)(O), substituted ''Food and Nutrition Act of 2008'' for ''Food Stamp Act of 1977'' and ''supplemental nutrition assistance program'' for ''food stamp program''.

Subsec. (d)(8)(A)(ii)(II). Pub. L. 110–246, § 4002(b)(1)(B), (2)(O), substituted ''Food and Nutrition Act of 2008'' for ''Food Stamp Act of 1977''.

Subsec. (d)(8)(B). Pub. L. 110–246, § 4002(b)(1)(A), (2)(O), substituted ''supplemental nutrition assistance program'' for ''food stamp program''.

2007—Subsec. (b)(3). Pub. L. 110–28, § 8211(d)(2), substituted ''Limitation on'' for ''Only first $6,000 of'' in heading and inserted ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before period at end.

Subsec. (c)(4)(B). Pub. L. 110–28, § 8211(a), substituted ''August 31, 2011'' for ''December 31, 2007''.

Subsec. (d)(1)(D). Pub. L. 110–28, § 8211(b)(2), amended subpar. (D) generally. Prior to amendment, subpar. (D) read as follows: ''a high-risk youth,''.

Subsec. (d)(3)(A). Pub. L. 110–28, § 8211(d)(1)(A), substituted ''agency as—'' and cls. (i) and (ii) for ''agency as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.''

Subsec. (d)(3)(C). Pub. L. 110–28, § 8211(d)(1)(B), added subpar. (C).

Subsec. (d)(5). Pub. L. 110–28, § 8211(b)(1), amended heading and text of par. (5) generally. Prior to amendment, text read as follows:

''(A) In general.—The term 'high-risk youth' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 25 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, or renewal community.

''(B) YOUTH MUST CONTINUE TO RESIDE IN ZONE OR COMMUNITY.—In the case of a high-risk youth, the term 'qualified wages' shall not include wages paid or incurred for services performed while such youth's principal place of abode is outside an empowerment zone, enterprise community, or renewal community.''

Subsec. (d)(6)(B)(iii). Pub. L. 110–28, §8211(c), added cl. (iii).

2006—Subsec. (c)(4)(B). Pub. L. 109–432, §105(a), substituted ''2007'' for ''2005''.

Subsec. (d)(1)(I). Pub. L. 109–432, §105(e)(1), added subpar. (I).

Subsec. (d)(4). Pub. L. 109–432, §105(b), inserted ''and'' at end of subpar. (A), substituted a period for '', and'' at end of subpar. (B), and struck out subpar. (C) and concluding provisions which read as follows:

''(C) as being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard.

Any determination under subparagraph (C) shall be valid for the 45-day period beginning on the date such determination is made.''

Subsec. (d)(8)(A)(i). Pub. L. 109–432, §105(c), substituted ''40'' for ''25''.

Subsec. (d)(10) to (12). Pub. L. 109–432, §105(e)(2), added par. (10) and redesignated former pars. (10) and (11) as (11) and (12), respectively. Former par. (12) redesignated (13).

Subsec. (d)(12)(A)(ii)(II). Pub. L. 109–432, §105(d), substituted ''28th day'' for ''21st day''.

Subsec. (d)(13). Pub. L. 109–432, §105(e)(2), redesignated par. (12) as (13).

Subsec. (e). Pub. L. 109–432, §105(e)(3), added subsec. (e).

2004—Subsec. (c)(4)(B). Pub. L. 108–311, §303(a)(1), substituted ''2005'' for ''2003''.

Subsec. (i)(1)(A), (B). Pub. L. 108–311, §207(5)(A), substituted ''subparagraphs (A) through (G) of section 152(d)(2)'' for ''paragraphs (1) through (8) of section 152(a)''.

Subsec. (i)(1)(C). Pub. L. 108–311, §207(5)(B), substituted ''152(d)(2)(H)'' for ''152(a)(9)''.

2002—Subsec. (c)(4)(B). Pub. L. 107–147 substituted ''2003'' for ''2001''.

2000—Subsec. (d)(2)(B). Pub. L. 106–554, §1(a)(7) [title III, §316(a)], substituted ''program funded'' for ''plan approved'' and struck out ''(relating to assistance for needy families with minor children)'' after ''Social Security Act''.

Subsec. (d)(5)(A)(ii). Pub. L. 106–554, §1(a)(7) [title I, §102(a)], substituted ''empowerment zone, enterprise community, or renewal community'' for ''empowerment zone or enterprise community''.

Subsec. (d)(5)(B). Pub. L. 106–554, §1(a)(7) [title I, §102(a), (c)], inserted ''or community'' after ''zone'' in heading and substituted ''empowerment zone, enterprise community, or renewal community'' for ''empowerment zone or enterprise community'' in text.

Subsec. (d)(7)(A)(iv). Pub. L. 106–554, §1(a)(7) [title I, §102(b)], substituted ''empowerment zone, enterprise community, or renewal community'' for ''empowerment zone or enterprise community''.

Subsec. (d)(7)(C). Pub. L. 106–554, §1(a)(7) [title I, §102(c)], inserted ''or community'' after ''zone'' in heading.

1999—Subsec. (c)(4)(B). Pub. L. 106–170, §505(a), substituted ''December 31, 2001'' for ''June 30, 1999''.

Subsec. (i)(2). Pub. L. 106–170, §505(b), struck out ''during which he was not a member of a targeted group'' before period at end.

1998—Subsec. (c)(4)(B). Pub. L. 105–277, §1002(a), substituted ''June 30, 1999'' for ''June 30, 1998''.

Subsec. (d)(6)(B)(i). Pub. L. 105–277, §4006(c)(1), substituted ''plan for employment'' for ''rehabilitation plan''.

1997—Subsec. (a). Pub. L. 105–34, §603(d)(1), substituted ''40 percent'' for ''35 percent''.

Subsec. (c)(4)(B). Pub. L. 105–34, §603(a), substituted ''June 30, 1998'' for ''September 30, 1997''.

Subsec. (d)(1)(H). Pub. L. 105–34, §603(c)(1), added subpar. (H).

Subsec. (d)(2)(A). Pub. L. 105–34, §603(b)(1), substituted ''for any 9 months during the 18-month period ending on the hiring date'' for ''for at least a 9-month period ending during the 9-month period ending on the hiring date''.

Subsec. (d)(3)(A). Pub. L. 105–34, §603(b)(2), amended heading and text of subpar. (A) generally. Prior to amendment, text read as follows: ''The term 'qualified veteran' means any veteran who is certified by the designated local agency as being—

''(i) a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least a 9-month period ending during the 12-month period ending on the hiring date, or

''(ii) a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.''

Subsec. (d)(9). Pub. L. 105–34, §603(c)(2), added par. (9). Former par. (9) redesignated (10).

Pub. L. 105–33 repealed Pub. L. 104–193, §110(*l*)(1). See 1996 Amendment note below.

Subsec. (d)(10) to (12). Pub. L. 105–34, §603(c)(2), redesignated pars. (9) to (11) as (10) to (12), respectively.

Subsec. (i)(3). Pub. L. 105–34, §603(d)(2), amended heading and text of par. (3) generally. Prior to amendment, text read as follows: ''No wages shall be taken into account under subsection (a) with respect to any individual unless such individual either—

''(A) is employed by the employer at least 180 days (20 days in the case of a qualified summer youth employee), or

''(B) has completed at least 400 hours (120 hours in the case of a qualified summer youth employee) of services performed for the employer.''

1996—Subsec. (a). Pub. L. 104–188, §1201(a), (e)(1), substituted ''work opportunity credit'' for ''targeted jobs credit'' and ''35 percent'' for ''40 percent''.

Subsec. (c)(1). Pub. L. 104–188, §1201(f), struck out '', subsection (d)(8)(D),'' after ''this subsection''.

Subsec. (c)(4). Pub. L. 104–188, §1201(d), amended par. (4) generally. Prior to amendment, par. (4) read as follows: ''TERMINATION.—The term 'wages' shall not include any amount paid or incurred to an individual who begins work for the employer after December 31, 1994.''

Subsec. (d). Pub. L. 104–188, §1201(b), reenacted heading without change and amended text generally, revising and restating as pars. (1) to (11) provisions formerly contained in pars. (1) to (16).

Subsec. (d)(9). Pub. L. 104–193, §110(*l*)(1), which directed amendment of par. (9) by striking all that follows ''agency as'' and inserting ''being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer.'', was repealed by Pub. L. 105–33.

Subsec. (g). Pub. L. 104–188, §1201(e)(1), substituted ''work opportunity credit'' for ''targeted jobs credit''.

Subsec. (i)(3). Pub. L. 104–188, §1201(c), amended par. (3) generally. Prior to amendment, par. (3) read as follows: ''INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIOD.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual either—

''(A) is employed by the employer at least 90 days (14 days in the case of an individual described in subsection (d)(12)), or

''(B) has completed at least 120 hours (20 hours in the case of an individual described in subsection (d)(12)) of services performed for the employer.''

Subsec. (j). Pub. L. 104–188, §1201(e)(5), substituted ''Work opportunity credit'' for ''Targeted jobs credit'' in heading.

1993—Subsec. (c)(4). Pub. L. 103–66, §13102(a), substituted ''December 31, 1994'' for ''June 30, 1992''.

Subsec. (i)(1)(A). Pub. L. 103–66, § 13302(d), inserted ", or, if the taxpayer is an entity other than a corporation, to any individual who owns, directly or indirectly, more than 50 percent of the capital and profits interests in the entity," after "of the corporation".

1991—Subsec. (c)(4). Pub. L. 102–227 substituted "June 30, 1992" for "December 31, 1991".

1990—Subsec. (c)(4). Pub. L. 101–508 substituted "December 31, 1991" for "September 30, 1990".

1989—Subsec. (c)(4). Pub. L. 101–239, § 7103(a), substituted "September 30, 1990" for "December 31, 1989".

Subsec. (d)(16)(C). Pub. L. 101–239, § 7103(c)(1), added subpar. (C).

1988—Subsec. (c)(2)(B). Pub. L. 100–485 substituted "section 482(e)" for "section 414".

Subsec. (c)(4). Pub. L. 100–647, § 4010(a), substituted "1989" for "1988".

Subsec. (d)(3)(B). Pub. L. 100–647, § 4010(c)(1), substituted "age 23" for "age 25".

Subsec. (d)(12)(B). Pub. L. 100–647, § 4010(d)(1), redesignated former cls. (ii) and (iii) as (i) and (ii), respectively, and struck out former cl. (i) which provided that subsection (a) shall be applied by substituting "85 percent" for "40 percent".

Pub. L. 100–647, § 1017(a), substituted "subsection (a)" for "subsection (a)(1)" in cl. (i).

1987—Subsec. (c)(3), (4). Pub. L. 100–203 added par. (3) and redesignated former par. (3) as (4).

1986—Subsec. (a). Pub. L. 99–514, § 1701(b)(1), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "For purposes of section 38, the amount of the targeted jobs credit determined under this section for the taxable year shall be the sum of—

"(1) 50 percent of the qualified first-year wages for such year, and

"(2) 25 percent of the qualified second-year wages for such year."

Subsec. (b)(3), (4). Pub. L. 99–514, § 1701(b)(2)(A), redesignated par. (4) as (3) and struck out ", and the amount of the qualified second-year wages," after "first-year wages" and struck out par. (3) which defined "qualified second-year wages".

Subsec. (c)(3). Pub. L. 99–514, § 1701(a), substituted "December 31, 1988" for "December 31, 1985".

Subsec. (d)(12)(B). Pub. L. 99–514, § 1701(b)(2)(B), in cl. (i), substituted "40 percent" for "50 percent", struck out cl. (ii) which directed that subsecs. (a)(2) and (b)(3) were not to apply, redesignated cl. (iii) as cl. (ii), redesignated cl. (iv) as cl. (iii), and in cl. (iii) as so redesignated substituted "subsection (b)(3)" for "subsection (b)(4)".

Subsec. (i)(3). Pub. L. 99–514, § 1701(c), added par. (3).

Subsec. (k). Pub. L. 99–514, § 1878(f)(1), redesignated subsec. (j) added by section 1041(c)(1) of Pub. L. 98–369 and relating to treatment of successor employers, and employees performing services for other persons, as subsec. (k).

1984—Subsec. (a). Pub. L. 98–369, § 474(p)(1), substituted "For purposes of section 38, the amount of the targeted jobs credit determined under this section" for "The amount of the credit allowable by section 44B" in introductory provisions.

Subsec. (b)(2). Pub. L. 98–369, § 1041(c)(4), struck out "(or, in the case of a vocational rehabilitation referral, the day the individual begins work for the employer on or after the beginning of such individual's rehabilitation plan)" after "begins work for the employer".

Subsec. (c)(2). Pub. L. 98–369, § 2638(b), designated existing provisions as subpar. (A), inserted par. (2) heading, and added subpar. (B).

Subsec. (c)(3). Pub. L. 98–369, § 1041(a), substituted "December 31, 1985" for "December 31, 1984".

Subsec. (d)(6)(B)(ii). Pub. L. 98–369, § 2663(j)(5)(A), substituted "Secretary of Health and Human Services" for "Secretary of Health Education and Welfare".

Subsec. (d)(11). Pub. L. 98–369, § 712(n), made determination respecting membership of a qualified summer youth employee or youth participating in a qualified cooperative education program with respect to an employer applicable for purposes of determining whether such individual is a member of another targeted group with respect to such employer.

Subsec. (d)(12)(A)(ii). Pub. L. 98–369, § 1041(c)(3), substituted "(or if later, on May 1 of the calendar year involved)" for "(as defined in paragraph (14))".

Subsec. (d)(16)(A). Pub. L. 98–369, § 1041(c)(2), inserted "For purposes of the preceding sentence, if on or before the day on which such individual begins work for the employer, such individual has received from a designated local agency (or other agency or organization designated pursuant to a written agreement with such designated local agency) a written preliminary determination that such individual is a member of a targeted group, then 'the fifth day' shall be substituted for 'the day' in such sentence."

Subsec. (g). Pub. L. 98–369, § 474(p)(2), substituted "the targeted jobs credit determined under this subpart" for "the credit provided by section 44B".

Subsec. (j). Pub. L. 98–369, § 1041(c)(1), added subsec. (j) relating to treatment of successor employers, and employees performing services for other persons.

Pub. L. 98–369, § 474(p)(3), added subsec. (j) relating to election to have targeted jobs credit not apply.

1983—Subsec. (d)(8)(D). Pub. L. 97–448, § 102(*l*)(1), substituted "clauses (i), (ii), and (iii) of subparagraph (A)" for "subparagraph (A)".

Subsec. (d)(9)(B). Pub. L. 97–448, § 102(*l*)(3), substituted "section 432(b)(1) or 445" for "section 432(b)(1)".

Subsec. (d)(11). Pub. L. 97–448, § 102(*l*)(4), substituted "the earlier of the month in which such determination occurs or the month in which the hiring date occurs" for "the month in which such determination occurs".

1982—Subsec. (c)(3). Pub. L. 97–248, § 233(a), substituted "1984" for "1982".

Subsec. (d)(1)(J). Pub. L. 97–248, § 233(b)(3), added subpar. (J).

Subsec. (d)(6)(B)(i)(II). Pub. L. 97–248, § 233(d), substituted "consists of money payments or voucher or scrip, and" for "consists of money payments".

Subsec. (d)(10). Pub. L. 97–248, § 233(c), inserted provision respecting nonapplicability of paragraph to individuals who begin work for the employer after December 31, 1982.

Subsec. (d)(12) to (15). Pub. L. 97–248, § 233(b)(4), (5), added par. (12) and redesignated former pars. (12) to (15) as (13) to (16), respectively.

Subsec. (d)(16). Pub. L. 97–248, § 233(b)(4), redesignated former par. (15) as (16).

Pub. L. 97–248, § 233(f), substituted "on or before" for "before" in subpar. (A).

1981—Subsec. (c)(3), (4). Pub. L. 97–34, § 261(b)(2)(B)(ii), redesignated par. (4) as (3). Former par. (3), which excluded from term "wages" any amount paid or incurred by the employer to an individual with respect to whom the employer claims credit under section 40 of this title, was struck out.

Pub. L. 97–34, § 261(a), extended termination date to Dec. 31, 1982, from Dec. 31, 1981, and inserted "to an individual who begins work for the employer" after "paid or incurred".

Subsec. (d)(1)(H), (I). Pub. L. 97–34, § 261(b)(1), added subpars. (H) and (I).

Subsec. (d)(3)(A)(ii). Pub. L. 97–34, § 261(b)(2)(B)(iii), substituted "paragraph (11)" for "paragraph (9)".

Subsec. (d)(4). Pub. L. 97–34, § 261(b)(2)(B)(iii), (3), in subpar. (B) inserted "and" after "States," in subpar. (C) substituted "paragraph (11)" for "paragraph (9)", and struck out "(D) not having attained the age of 35 on the hiring date."

Subsec. (d)(7)(B). Pub. L. 97–34, § 261(b)(2)(B)(iii), substituted "paragraph (11)" for "paragraph (9)".

Subsec. (d)(8)(A)(iv). Pub L. 97–34, § 261(b)(4), added cl. (iv).

Subsec. (d)(9), (10). Pub. L. 97–34, § 261(b)(2)(A), added pars. (9) and (10) and redesignated former pars. (9) and (10) as (11) and (12), respectively.

Subsec. (d)(11). Pub. L. 97–34, § 261(b)(2)(A), (c)(2), redesignated former par. (9) as (11), substituted "70 percent or less" for "less than 70 percent", and provided for validity of any determination for 45-day period be-

ginning on the date the determination is made. Former par. (11) redesignated (13).

Subsec. (d)(12), (13). Pub. L. 97–34, §261(b)(2)(A), redesignated former pars. (10) and (11) as pars. (12) and (13), respectively. Former par. (12) redesignated (14).

Subsec. (d)(14). Pub. L. 97–34, §261(f)(1)(A), substituted as definition for term ''designated local agency' means a State employment security agency established in accordance with the Act of June 6, 1933, as amended (29 U.S.C. 49–49n)'' for ''designated local agency' means the agency for any locality designated jointly by the Secretary and the Secretary of Labor to perform certification of employees for employers in that locality''.

Pub. L. 97–34, §261(b)(2)(A), redesignated former par. (12) as (14).

Subsec. (d)(15). Pub. L. 97–34, §261(c)(1), added par. (15).

Subsec. (e). Pub. L. 97–34, §261(e)(1), struck out subsec. (e) which set forth limitation that qualified first-year wages could not exceed 30 percent of FUTA wages for all employees.

Subsec. (f). Pub. L. 97–34, §261(e)(2), substituted ''any taxable year'' for ''any year'' in pars. (1) and (2) and struck out par. (3), defining ''year'' which is covered in pars. (1) and (2).

Subsec. (g). Pub. L. 97–34, §261(f)(1)(B), substituted ''United States Employment Service'' for ''Secretary of Labor'' in heading and text.

Subsec. (i). Pub. L. 97–34, §261(d), added subsec. (i).

1980—Subsec. (c)(1). Pub. L. 96–222, §103(a)(6)(E)(ii), substituted '', subsection (d)(8)(D), and subsection (h)(2)'' for ''subsection (h)(2)''.

Subsec. (c)(2). Pub. L. 96–222, §103(a)(6)(G)(iii), inserted ''or incurred'' after ''amounts paid''.

Subsec. (c)(4). Pub. L. 96–222, §103(a)(6)(A), substituted ''December 31, 1981'' for ''December 31, 1980''.

Subsec. (d)(1)(E). Pub. L. 96–222, §103(a)(6)(G)(iv), struck out ''or'' after ''recipient,''.

Subsec. (d)(4)(A)(i). Pub. L. 96–222, §103(a)(6)(G)(v), substituted ''active duty'' for ''active day''.

Subsec. (d)(4)(B). Pub. L. 96–222, §103(a)(6)(G)(vi), substituted ''preemployment'' for ''premployment''.

Subsec. (d)(5). Pub. L. 96–222, §103(a)(6)(G)(vii), substituted ''preemployment'' for ''pre-employment''.

Subsec. (d)(8)(A). Pub. L. 96–222, §103(a)(6)(F), substituted ''age 20'' for ''age 19''.

Subsec. (d)(8)(D). Pub. L. 96–222, §103(a)(6)(E)(i), in heading substituted ''Wages'' for ''Individual must be currently pursuing program'' and in text substituted ''In the case of remuneration'' for ''Wages shall be taken into account with respect to a qualified cooperative education program only if the wages are'' and inserted '', wages, and unemployment insurance wages, shall be determined without regard to section 3306(c)(10)(C)''.

Subsec. (d)(12). Pub. L. 96–222, §103(a)(6)(G)(viii), substituted ''employers'' for ''employer''.

Subsec. (e). Pub. L. 96–222, §103(a)(6)(G)(ix), inserted ''except as provided in subsection (h)(1)'' after ''the preceding sentence,''.

1978—Pub. L. 95–600 amended section generally and limited allowance of credit to the hiring of seven target groups with high unemployment rates.

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111–5, div. B, title I, §1221(b), Feb. 17, 2009, 123 Stat. 338, provided that: ''The amendments made by this section [amending this section] shall apply to individuals who begin work for the employer after December 31, 2008.''

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110–234 by Pub. L. 110–246 effective May 22, 2008, the date of enactment of Pub. L. 110–234, except as otherwise provided, see section 4 of Pub. L. 110–246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

Amendment by section 4002(b)(1)(A), (B), (D), (2)(O) of Pub. L. 110–246 effective Oct. 1, 2008, see section 4407 of Pub. L. 110–246, set out as a note under section 1161 of Title 2, The Congress.

EFFECTIVE DATE OF 2007 AMENDMENT

Pub. L. 110–28, title VIII, §8211(e), May 25, 2007, 121 Stat. 192, provided that: ''The amendments made by this section [amending this section] shall apply to individuals who begin work for the employer after the date of the enactment of this Act [May 25, 2007].''

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109–432, div. A, title I, §105(f), Dec. 20, 2006, 120 Stat. 2938, provided that:

''(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and section 51A of this title and repealing section 51A of this title] shall apply to individuals who begin work for the employer after December 31, 2005.

''(2) CONSOLIDATION.—The amendments made by subsections (b), (c), (d), and (e) [amending this section and repealing section 51A of this title] shall apply to individuals who begin work for the employer after December 31, 2006.''

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by section 207(5) of Pub. L. 108–311 applicable to taxable years beginning after Dec. 31, 2004, see section 208 of Pub. L. 108–311, set out as a note under section 2 of this title.

Pub. L. 108–311, title III, §303(b), Oct. 4, 2004, 118 Stat. 1179, provided that:''The amendments made by this section [amending this section and section 51A of this title] shall apply to individuals who begin work for the employer after December 31, 2003.''

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107–147, title VI, §604(b), Mar. 9, 2002, 116 Stat. 59, provided that: ''The amendment made by subsection (a) [amending this section] shall apply to individuals who begin work for the employer after December 31, 2001.''

EFFECTIVE DATE OF 2000 AMENDMENT

Pub. L. 106–554, §1(a)(7) [title I, §102(d)], Dec. 21, 2000, 114 Stat. 2763, 2763A–600, provided that: ''The amendments made by this section [amending this section] shall apply to individuals who begin work for the employer after December 31, 2001.''

Pub. L. 106–554, §1(a)(7) [title III, §316(e)], Dec. 21, 2000, 114 Stat. 2763, 2763A–645, provided that: ''The amendments made by this section [amending this section and sections 219, 401 and 1361 of this title] shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 [Pub. L. 104–188] to which they relate.''

EFFECTIVE DATE OF 1999 AMENDMENT

Pub. L. 106–170, title V, §505(c), Dec. 17, 1999, 113 Stat. 1921, provided that: ''The amendments made by this section [amending this section and section 51A of this title] shall apply to individuals who begin work for the employer after June 30, 1999.''

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105–277, div. J, title I, §1002(b), Oct. 21, 1998, 112 Stat. 2681–888, provided that: ''The amendment made by this section [amending this section] shall apply to individuals who begin work for the employer after June 30, 1998.''

EFFECTIVE DATE OF 1997 AMENDMENTS

Section 603(e) of Pub. L. 105–34 provided that: ''The amendments made by this section [amending this section] shall apply to individuals who begin work for the employer after September 30, 1997.''

Section 5518(c) of Pub. L. 105–33 provided that: ''The amendments made by section 5514(a) of this Act [amending this section and sections 3304, 6103, 6334, 6402,

and 7523 of this title] shall take effect as if the amendments had been included in section 110 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 [Pub. L. 104–193] at the time such section 110 became law.''

EFFECTIVE DATE OF 1996 AMENDMENTS

Amendment by Pub. L. 104–193 effective July 1, 1997, with transition rules relating to State options to accelerate such date, rules relating to claims, actions, and proceedings commenced before such date, rules relating to closing out of accounts for terminated or substantially modified programs and continuance in office of Assistant Secretary for Family Support, and provisions relating to termination of entitlement under AFDC program, see section 116 of Pub. L. 104–193, as amended, set out as an Effective Date note under section 601 of Title 42, The Public Health and Welfare.

Amendment by Pub. L. 104–188 applicable to individuals who begin work for the employer after Sept. 30, 1996, see section 1201(g) of Pub. L. 104–188, set out as a note under section 38 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Section 13102(b) of Pub. L. 103–66 provided that: ''The amendment made by subsection (a) [amending this section] shall apply to individuals who begin work for the employer after June 30, 1992.''

EFFECTIVE DATE OF 1991 AMENDMENT

Section 105(b) of Pub. L. 102–227 provided that: ''The amendment made by this section [amending this section] shall apply to individuals who begin work for the employer after December 31, 1991.''

EFFECTIVE DATE OF 1990 AMENDMENT

Section 11405(c) of Pub. L. 101–508 provided that:

''(1) CREDIT.—The amendment made by subsection (a) [amending this section] shall apply to individuals who begin work for the employer after September 30, 1990.

''(2) AUTHORIZATION.—The amendment made by subsection (b) [amending provisions set out below] shall apply to fiscal years beginning after 1990.''

EFFECTIVE DATE OF 1989 AMENDMENT

Section 7103(c)(2) of Pub. L. 101–239 provided that: ''The amendment made by paragraph (1) [amending this section] shall apply to individuals who begin work for the employer after December 31, 1989.''

EFFECTIVE DATE OF 1988 AMENDMENTS

Amendment by section 1017(a) of Pub. L. 100–647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99–514, to which such amendment relates, see section 1019(a) of Pub. L. 100–647, set out as a note under section 1 of this title.

Section 4010(c)(2) of Pub. L. 100–647 provided that: ''The amendment made by paragraph (1) [amending this section] shall apply to individuals who begin work for the employer after December 31, 1988.''

Section 4010(d)(2) of Pub. L. 100–647 provided that: ''The amendment made by paragraph (1) [amending this section] shall apply to individuals who begin work for the employer after December 31, 1988.''

Amendment by Pub. L. 100–485 effective Oct. 1, 1990, with provision for earlier effective dates in case of States making certain changes in their State plans and formally notifying the Secretary of Health and Human Services of their desire to become subject to the amendments made by title II of Pub. L. 100–485 on the earlier effective dates, see section 204 of Pub. L. 100–485, set out as a note under section 671 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1987 AMENDMENT

Section 10601(b) of Pub. L. 100–203 provided that: ''The amendment made by subsection (a) [amending this section] shall apply to amounts paid or incurred on or after January 1, 1987, for services rendered on or after such date.''

EFFECTIVE DATE OF 1986 AMENDMENT

Section 1701(e) of Pub. L. 99–514 provided that: ''The amendments made by this section [amending this section and provisions set out below] shall apply with respect to individuals who begin work for the employer after December 31, 1985.''

Amendment by section 1878(f)(1) of Pub. L. 99–514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98–369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99–514, set out as a note under section 48 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by section 474(p)(1)–(3) of Pub. L. 98–369 applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98–369, set out as a note under section 21 of this title.

Amendment by section 712 of Pub. L. 98–369 effective as if included in the provision of the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97–248, to which such amendment relates, see section 715 of Pub. L. 98–369, set out as a note under section 31 of this title.

Section 1041(c)(5) of Pub. L. 98–369, as amended by Pub. L. 99–514, § 2, title XVIII, § 1878(f)(2), Oct. 22, 1986, 100 Stat. 2095, 2904, provided that:

''(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this section [amending this section] shall apply to individuals who begin work for the employer after the date of the enactment of this Act [July 18, 1984].

''(B) SPECIAL RULE FOR EMPLOYEES PERFORMING SERVICES FOR OTHER PERSONS.—Paragraph (2) of section 51(k) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by this subsection) and the amendment made by paragraph (3) of this subsection [amending this section] shall apply to individuals who begin work for the employer after December 31, 1984.''

Section 2638(c)(2) of Pub. L. 98–369 provided that: ''The amendments made by subsection (b) [amending this section] shall apply with respect to payments made on or after the date of the enactment of this Act [July 18, 1984].''

Amendment by section 2663 of Pub. L. 98–369 effective July 18, 1984, but not to be construed as changing or affecting any right, liability, status or interpretation which existed (under the provisions of law involved) before that date, see section 2664(b) of Pub. L. 98–369, set out as a note under section 401 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1983 AMENDMENT

Section 102(*l*)(4) of Pub. L. 97–448 provided that the amendment made by that section is effective with respect to certifications made after Jan. 12, 1983, with respect to individuals beginning work for an employer after May 11, 1982.

Amendment by title I of Pub. L. 97–448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97–34, to which such amendment relates, see section 109 of Pub. L. 97–448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Section 233(f) of Pub. L. 97–248 provided that the amendments made by that section are effective only with respect to individuals who begin work for the taxpayer after May 11, 1982.

Section 233(g) of Pub. L. 97–248 provided that:

''(1) SUBSECTION (b).—The amendments made by subsection (b) [amending this section] shall apply to amounts paid or incurred after April 30, 1983, to individuals beginning work for the employer after such date.

''(2) SUBSECTION (d).—The amendments made by subsection (d) [amending this section] shall apply to amounts paid or incurred after July 1, 1982, to individuals beginning work for the employer after such date.''

EFFECTIVE DATE OF 1981 AMENDMENT

Section 261(g) of Pub. L. 97–34, as amended by Pub. L. 97–448, title I, § 102(*l*)(2), Jan. 12, 1983, 96 Stat. 2374; Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

''(1) AMENDMENTS RELATING TO MEMBERS OF TARGETED GROUPS.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B), (C), and (D), the amendments made by subsections (b), (c)(2), and (d) [amending this section and section 50B of this title] shall apply to wages paid or incurred with respect to individuals first beginning work for an employer after the date of the enactment of this Act [Aug. 13, 1981] in taxable years ending after such date.

''(B) ELIGIBLE WORK INCENTIVE EMPLOYEES.—The amendments made by subsection (b)(2) [amending this section] to the extent relating to the designation of eligible work incentive employees (within the meaning of section 51(d)(9) [now 51(d)(10)] of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]) as members of a targeted group and subsection (b)(2)(B)(ii) [amending this section] shall apply to taxable years beginning after December 31, 1981. In the case of an eligible work incentive employee, subsections (a) and (b) of section 51 of such Code shall be applied for taxable years beginning after December 31, 1981, as if such employees had been members of a targeted group for taxable years beginning before January 1, 1982.

''(C) COOPERATIVE EDUCATION PROGRAM PARTICIPANTS.—The amendments made by subsection (b)(4) [amending this section] shall apply to wages paid or incurred after December 31, 1981, in taxable years ending after such date.

''(D) DESIGNATED LOCAL AGENCY.—The amendments made by subsection (f)(1) [amending this section] shall take effect on the date 60 days after the date of the enactment of this act [Aug. 13, 1981].

''(2) CERTIFICATIONS.—

''(A) IN GENERAL.—The amendment made by subsection (c)(1) [amending this section] shall apply to all individuals whether such individuals began work for their employer before, on, or after the date of the enactment of this Act [Aug. 13, 1981].

''(B) SPECIAL RULE FOR INDIVIDUALS WHO BEGAN WORK FOR THE EMPLOYER BEFORE 45TH DAY BEFORE DATE OF ENACTMENT.—In the case of any individual (other than an individual described in section 51(d)(8) of the Internal Revenue Code of 1986) who began work for the employer before the date 45 days before the date of the enactment of this Act [Aug. 13, 1981], paragraph (15) of section 51(d) of the Internal Revenue Code of 1986 (as added by subsection (c)(1)) shall be applied by substituting ''July 23, 1981,'' for the day on which such individual begins work for the employer.

''(C) INDIVIDUALS WHO BEGIN WORK FOR EMPLOYER WITHIN 45 DAYS BEFORE OR AFTER DATE OF ENACTMENT.—In the case of any individual (other than an individual described in section 51(d)(8) of the Internal Revenue Code of 1986) who begins work for the employer during the 90-day period beginning with the date 45 days before the date of the enactment of this Act [Aug. 13, 1981], and in the case of an individual described in section 51(d)(8) of such Code who begins work before the end of such 90-day period, paragraph (15) of section 51(d) of such Code (as added by subsection (c)(1)) shall be applied by substituting ''the last day of the 90-day period beginning with the date 45 days before the date of the enactment of this Act'' for the day on which such individual begins work for the employer.

''(3) LIMITATION ON QUALIFIED FIRST-YEAR WAGES.—The amendment made by subsection (e) [amending this section] shall apply to taxable years beginning after December 31, 1981.''

EFFECTIVE DATE OF 1980 AMENDMENT

Section 103(b)(1) of Pub. L. 96–222 provided that: ''The amendment made by subsection (a)(5)(F) [probably means subsec. (a)(6)(F), amending this section] shall apply to wages paid or incurred on or after November 27, 1979, in taxable years ending on or after such date.''

Amendment by Pub. L. 96–222 effective, except as otherwise provided, as if it had been included in the provisions of the Revenue Act of 1978, Pub. L. 95–600, to which such amendment relates, see section 201 of Pub. L. 96–222, set out as a note under section 32 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Section 321(d)(1) of Pub. L. 95–600 provided that: ''Except as otherwise provided in this subsection, the amendments made by this section [amending this section and sections 44B, 52, 53, and 6501 of this title] shall apply to amounts paid or incurred after December 31, 1978, in taxable years ending after such date.''

EFFECTIVE DATE

Section 202(e) of Pub. L. 95–30 provided that: ''The amendments made by this section [enacting this section and sections 44B, 52, 53, and 280C of this title and amending sections 56, 381, 383, 6096, 6411, 6501, 6511, 6601, and 6611 of this title] shall apply to taxable years beginning after December 31, 1976, and to credit carrybacks from such years.''

REFERENCE TO PLAN FOR EMPLOYMENT

Pub. L. 105–277, div. J, title IV, § 4006(c)(1), Oct. 21, 1998, 112 Stat. 2681–912, provided that: ''The reference to 'plan for employment' in such clause [26 U.S.C. 51(d)(6)(B)(i)] shall be treated as including a reference to the rehabilitation plan referred to in such clause as in effect before the amendment made by the preceding sentence.''

AUTHORIZATION OF APPROPRIATIONS

Section 261(f)(2) of Pub. L. 97–34, as amended by Pub. L. 97–248, title II, § 233(e), Sept. 3, 1982, 96 Stat. 502; Pub. L. 98–369, div. A, title X, § 1041(b), July 18, 1984, 98 Stat. 1042; Pub. L. 99–514, title XVII, § 1701(d), Oct. 22, 1986, 100 Stat. 2772; Pub. L. 100–647, title IV, § 4010(b), Nov. 10, 1988, 102 Stat. 3655; Pub. L. 101–239, title VII, § 7103(b), Dec. 19, 1989, 103 Stat. 2305; Pub. L. 101–508, title XI, § 11405(b), Nov. 5, 1990, 104 Stat. 1388–473, provided that: ''There is authorized to be appropriated for each fiscal year such sums as may be necessary, to carry out the functions described by the amendments made by paragraph (1) [amending this section], except that, of the amounts appropriated pursuant to this paragraph—

''(A) $5,000,000 shall be used to test whether individuals certified as members of targeted groups under section 51 of such Code are eligible for such certification (including the use of statistical sampling techniques), and

''(B) the remainder shall be distributed under performance standards prescribed by the Secretary of Labor.

The Secretary of Labor shall each calendar year beginning with calendar year 1983 report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate with respect to the results of the testing conducted under subparagraph (A) during the preceding calendar year.''

[For termination, effective May 15, 2000, of reporting provisions in section 261(f)(2) of Pub. L. 97–34, set out above, see section 3003 of Pub. L. 104–66, as amended, set out as a note under section 1113 of Title 31, Money and Finance, and page 124 of House Document No. 103–7.]

[Amendment by Pub. L. 101–508 applicable to fiscal years beginning after 1990, see section 11405(c)(2) of Pub. L. 101–508, set out as an Effective Date of 1990 Amendment note above.]

PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101–1147

and 1171–1177] or title XVIII [§§1800–1899A] of Pub. L. 99–514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99–514, as amended, set out as a note under section 401 of this title.

SPECIAL RULES FOR NEWLY TARGETED GROUPS

Section 321(d)(2) of Pub. L. 95–600, as amended by Pub. L. 96–222, title I, §103(a)(6)(C), (G)(xi), Apr. 1, 1980, 94 Stat. 209, 211; Pub. L. 99–514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

''(A) INDIVIDUAL MUST BE HIRED AFTER SEPTEMBER 26, 1978.—In the case of a member of a newly targeted group, for purposes of applying the amendments made by this section—

''(i) such individual shall be taken into account for purposes of the credit allowable by section 44B of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] only if such individual is first hired by the employer after September 26, 1978, and

''(ii) such individual shall be treated for purposes of such credit as having first begun work for the employer not earlier than January 1, 1979.

''(B) MEMBER OF NEWLY TARGETED GROUP DEFINED.—For purposes of subparagraph (A), an individual is a member of a newly targeted group if—

''(i) such individual meets the requirements of paragraph (1) of section 51(d) of such Code, and

''(ii) in the case of an individual meeting the requirements of subparagraph (A) of such paragraph (1), a credit was not claimed for such individual by the taxpayer for a taxable year beginning before January 1, 1979.''

CREDIT ALLOWABLE BY SECTION 44B IN CASE OF TAXABLE YEAR BEGINNING IN 1978 AND ENDING AFTER DECEMBER 31, 1978

Section 321(d)(3) of Pub. L. 95–600, as amended by Pub. L. 96–222, title I, §103(a)(6)(D), Apr. 1, 1980, 94 Stat. 209; Pub. L. 99–514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: ''In the case of a taxable year which begins in 1978 and ends after December 31, 1978, the amount of the credit determined under section 51 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall be the sum of—

''(A) the amount of the credit which would be so determined without regard to the amendments made by this section, plus

''(B) the amount of the credit which would be so determined by reason of the amendments made by this section.''

[§ 51A. Repealed. Pub. L. 109–432, div. A, title I, § 105(e)(4)(A), Dec. 20, 2006, 120 Stat. 2937]

Section, added Pub. L. 105–34, title VIII, §801(a), Aug. 5, 1997, 111 Stat. 869; amended Pub. L. 105–277, div. J, title I, §1003, Oct. 21, 1998, 112 Stat. 2681–888; Pub. L. 106–170, title V, §505(a), Dec. 17, 1999, 113 Stat. 1921; Pub. L. 107–16, title IV, §411(c), June 7, 2001, 115 Stat. 63; Pub. L. 107–147, title IV, §417(4), title VI, §605(a), Mar. 9, 2002, 116 Stat. 56, 60; Pub. L. 108–311, title III, §303(a)(2), Oct. 4, 2004, 118 Stat. 1179; Pub. L. 109–432, div. A, title I, §105(a), Dec. 20, 2006, 120 Stat. 2936, related to temporary incentives for employing long-term family assistance recipients. See section 51(e) of this title.

EFFECTIVE DATE OF REPEAL

Repeal applicable to individuals who begin work for the employer after Dec. 31, 2006, see section 105(f)(2) of Pub. L. 109–432, set out as an Effective Date of 2006 Amendment note under section 51 of this title.

§ 52. Special rules

(a) Controlled group of corporations

For purposes of this subpart, all employees of all corporations which are members of the same controlled group of corporations shall be treated as employed by a single employer. In any such case, the credit (if any) determined under section 51(a) with respect to each such member shall be its proportionate share of the wages giving rise to such credit. For purposes of this subsection, the term ''controlled group of corporations'' has the meaning given to such term by section 1563(a), except that—

(1) ''more than 50 percent'' shall be substituted for ''at least 80 percent'' each place it appears in section 1563(a)(1), and

(2) the determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of section 1563.

(b) Employees of partnerships, proprietorships, etc., which are under common control

For purposes of this subpart, under regulations prescribed by the Secretary—

(1) all employees of trades or business (whether or not incorporated) which are under common control shall be treated as employed by a single employer, and

(2) the credit (if any) determined under section 51(a) with respect to each trade or business shall be its proportionate share of the wages giving rise to such credit.

The regulations prescribed under this subsection shall be based on principles similar to the principles which apply in the case of subsection (a).

(c) Tax-exempt organizations

No credit shall be allowed under section 38 for any work opportunity credit determined under this subpart to any organization (other than a cooperative described in section 521) which is exempt from income tax under this chapter.

(d) Estates and trusts

In the case of an estate or trust—

(1) the amount of the credit determined under this subpart for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each, and

(2) any beneficiary to whom any amount has been apportioned under paragraph (1) shall be allowed, subject to section 38(c), a credit under section 38(a) for such amount.

(e) Limitations with respect to certain persons

Under regulations prescribed by the Secretary, in the case of—

(1) a regulated investment company or a real estate investment trust subject to taxation under subchapter M (section 851 and following), and

(2) a cooperative organization described in section 1381(a),

rules similar to the rules provided in subsections (e) and (h) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply in determining the amount of the credit under this subpart.

(Added Pub. L. 95–30, title II, §202(b), May 23, 1977, 91 Stat. 143; amended Pub. L. 95–600, title III, §321(c)(1), Nov. 6, 1978, 92 Stat. 2835; Pub. L. 96–222, title I, §103(a)(5), Apr. 1, 1980, 94 Stat. 209; Pub. L. 97–354, §5(a)(11), Oct. 19, 1982, 96 Stat.