

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 5884-C and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form5884c.

What's New

The work opportunity credit is now available for qualified first-year wages paid to qualified veterans who began work for the organization after December 31, 2013, and before January 1, 2015.

Purpose of Form

Qualified tax-exempt organizations (defined below) use Form 5884-C to claim the work opportunity credit for qualified first-year wages paid to qualified veterans who begin working for the organization on or after November 22, 2011, and before January 1, 2015. The credit is claimed against the employer portion of social security tax on wages paid to all employees during the 1-year period beginning on the day a qualified veteran begins working for the organization. The credit does not apply to the employer portion of Medicare tax. The qualified veteran must be performing services in activities related to the purpose or function constituting the basis of the organization's exemption under section 501.

The organization files Form 5884-C after it files its employment tax return for the employment tax period for which it is claiming the credit. The organization files Form 5884-C for each employment tax period during which qualified first-year wages are paid to a qualified veteran. Each Form 5884-C figures the cumulative credit the organization is entitled to for all periods during which qualified first-year wages are paid to a qualified veteran and reduces the amount claimed for the period by any amounts claimed on previously filed Forms 5884-C. Generally, the organization should only file one Form 5884-C per employment tax period.

Form 5884-C is filed separately from any other returns. The credit claimed on Form 5884-C will not affect the tax liability reported on the organization's employment tax returns. Accordingly, the organization should not reduce its required deposits in anticipation of any credit. Instead, the IRS will refund the amount shown on line 11 of Form 5884-C, plus any interest that applies, unless the IRS corrects Form 5884-C during processing or the organization owes other taxes, penalties, or interest.



The amount properly claimed on Form 5884-C is treated as a credit on the first day of the organization's employment tax return period. However, because Form 5884-C will generally not be processed with the organization's employment tax return, an organization that reduces its required deposits in anticipation of a Form 5884-C credit may receive a system-generated notice reflecting a balance due and associated penalties and interest, if applicable. The balance due, including any related penalties and interest, resulting from the reduction in deposits to reflect the Form 5884-C credit will be abated when the credit is applied. Such abatement will generally occur without any action from the organization.

Qualified Tax-Exempt Organization

A qualified tax-exempt organization is an organization described in section 501(c) and exempt from tax under section 501(a). An agency or instrumentality of the federal government, or of a state, local, or Indian tribal government, is not a qualified tax-exempt organization unless it is an organization described in section 501(c) and exempt from tax under section 501(a).

Qualified Veteran

A qualified veteran is a veteran certified (as described below) as any of the following.

- A member of a family receiving assistance under the Supplemental Nutrition Assistance Program (SNAP) (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date.
- Unemployed for a period or periods totaling at least 4 weeks (whether or not consecutive) but less than 6 months in the 1-year period ending on the hiring date.
- Unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.
- Entitled to compensation for a service-connected disability and hired not more than 1 year after being discharged or released from active duty in the U.S. Armed Forces.
- Entitled to compensation for a service-connected disability and unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.

To be considered a veteran, the individual must:

- Have served on active duty (not including training) in the U.S. Armed Forces for more than 180 days or have been discharged or released from active duty for a service-connected disability, and
- Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date.

Certification Requirement

The organization must be issued a certification for each qualified veteran from the state employment security agency (SESA). The certification proves that the employee is a qualified veteran. The organization must either:

- Receive the certification by the day the individual begins work, or
- Complete Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, on or before the day it offers the individual a job and receive the certification before it claims the credit.

If the organization completes Form 8850, it generally must be signed by an officer of the organization and the individual and submitted to the SESA of the state in which the organization is located (where the employee works) by the 28th calendar day after the date the individual begins work. However, for individuals who began working for the organization after December 31, 2013, and before January 1, 2015, the organization has until April 30, 2015, to submit Form 8850 to the SESA.

If the SESA denies the request, it will provide a written explanation of the reason for denial. If the certification is revoked because it was based on false information provided by the worker, wages paid or incurred after the date the organization receives the notice of revocation do not qualify for the credit.

Qualified First-Year Wages

Qualified first-year wages are generally wages subject to social security tax paid to a qualified veteran during the 1-year period beginning on the day the qualified veteran begins working for the organization. However, qualified first-year wages for any employee must be reduced by the amount of any work supplementation payments the organization received under the Social Security Act for the employee.

Qualified first-year wages **do not** include any wages that exceed the following amounts.

- **\$6,000** for a qualified veteran certified as being either **(a)** a member of a family receiving assistance under the Supplemental Nutrition Assistance Program (SNAP) (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date, or **(b)** unemployed for a period or periods totaling at least 4 weeks (whether or not consecutive) but less than 6 months in the 1-year period ending on the hiring date.

- **\$12,000** for a qualified veteran certified as being entitled to compensation for a service-connected disability and hired not more than 1 year after being discharged or released from active duty in the U.S. Armed Forces.

- **\$14,000** for a qualified veteran certified as being unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.

- **\$24,000** for a qualified veteran certified as being entitled to compensation for a service-connected disability and unemployed for a period or periods totaling at least 6 months (whether or not consecutive) in the 1-year period ending on the hiring date.

Qualified first-year wages also **do not** include any wages paid to a qualified veteran:

- For services in activities not related to the purpose or function constituting the basis of the organization's exemption under section 501, or
- During any period for which the organization received payment for the employee from a federally funded on-the-job training program.

The amount of qualified wages for any qualified veteran is zero if the qualified veteran:

- Did not work for the organization for at least 120 hours, or
- Was a rehire (worked for the organization previously).

When To File

File Form 5884-C after the organization has filed its employment tax return for the employment tax period for which it is claiming the credit. File Form 5884-C for each employment tax period during which the organization paid qualified first-year wages to a qualified veteran.

Generally, an organization should not file more than one Form 5884-C per employment tax period.

Note. The IRS cannot process Form 5884-C until the original employment tax return filed for the same tax period has been processed. Please allow 8–12 weeks for the processing of Form 5884-C.

Where To File

Send Form 5884-C to the address provided at the bottom of the form.

More Information

For more information about this credit, see the following.

- Section 3111(e).
- Notice 2012-13, 2012-9 I.R.B. 421, available at www.irs.gov/irb/2012-09_IRB/ar07.html.

Specific Instructions

Name and Address

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, enter the box number instead of the street address.

Line 1

Enter "Yes" if the organization is a qualified tax-exempt organization (defined earlier).

Line 3

As discussed earlier under *Purpose of Form*, the organization claims this credit against the employer's portion of social security tax on wages paid to all employees during the 1-year period beginning on the day a qualified veteran begins working for the organization. The organization files Form 5884-C for each employment tax period during which it claims a credit for qualified first-year wages paid to a qualified veteran. Each Form 5884-C figures the cumulative credit the organization is entitled to for all periods and reduces the amount claimed for the period by any amounts claimed on previously filed Forms 5884-C.

Check the box(es) on line 3 to indicate the year (and quarter, if applicable) for the employment tax period for which the organization is claiming the credit.

Line 4

Enter on line 4a and multiply by the percentage shown on line 4b the total qualified first-year wages (defined earlier) the organization paid during the employment tax period indicated on line 3 to qualified veterans who began working for the organization on or after November 22, 2011, and before January 1, 2015, who worked for the organization at least 400 hours (as of the date Form 5884-C is filed).

Line 5

Enter on line 5a and multiply by the percentage shown on line 5b the total qualified first-year wages (defined earlier) the organization paid during the employment tax period indicated on line 3 to qualified veterans who began working for the organization on or after November 22, 2011, and before January 1, 2015, who worked for the organization at least 120 hours but fewer than 400 hours (as of the date Form 5884-C is filed).

Line 7

Enter on line 7 the total amount of credits claimed from line 11 of any previously filed Forms 5884-C minus the total amount of credits repaid from line 12. Each Form 5884-C figures the cumulative credit the organization is entitled to for all periods. The amount of the cumulative credit reported on line 6 is reduced by the previously claimed credits and increased by any previously repaid amounts to determine the credit claimed for the employment tax period for which the Form 5884-C is filed.



If the credit refunded for a prior period was limited by the employer's social security tax liability for that period, any credit not refunded will be carried forward and included in the cumulative credit figured on any subsequent Form 5884-C. The portion of the credit not refunded is not included in the amount on line 7.

Line 9

Enter on line 9 total taxable social security wages and tips reported on the employment tax return indicated on line 2 for the employment tax period indicated on line 3. For example, taxable social security wages and tips included on Form 941 for wages paid in the 4th quarter of 2014 were reported on the following lines.

- Form 941, line 5a, column 1 (taxable social security wages).
- Form 941, line 5b, column 1 (taxable social security tips).

Note. If you filed a corrected return (for example, Form 941-X) for the period indicated on line 3, enter the amounts as corrected.

Line 11

If your credit is less than \$1, we will send a refund or apply it only if you ask us in writing to do so.

Line 12

You may pay the amount you owe on line 12 electronically using the Electronic Federal Tax Payment System (EFTPS), by credit or debit card, or by a check or money order.

- The preferred method of payment is EFTPS. For more information, visit www.eftps.gov, call EFTPS Customer Service at 1-800-555-4477 toll free, or see Pub. 966, Electronic Federal Tax Payment System: A Guide To Getting Started.
- To pay by credit or debit card, visit the IRS website at www.irs.gov/e-pay.
- If you pay by check or money order, make it payable to "United States Treasury." On your check or money order, be sure to write your EIN, "Form 5884-C," and the year (and quarter, if applicable) indicated on line 3.

You do not have to pay if the amount you owe is less than \$1.

Signature

Form 5884-C must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign any return filed for the organization. For a trust, the authorized trustee must sign.

Paid Preparer

A paid preparer must sign Form 5884-C and provide the information in the *Paid Preparer Use Only* section if the preparer was paid to prepare Form 5884-C and is not an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give the organization a copy of Form 5884-C in addition to the copy to be filed with the IRS.

If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You cannot use your PTIN in place of the EIN of the tax preparation firm.

You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN online, visit the IRS website at www.irs.gov/ptin.

Generally, you are not required to complete this section if you are filing Form 5884-C as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are qualified veterans for purposes of this credit.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for taxpayers who file this form is shown below.

- Recordkeeping** 5 hr., 15 min.
- Learning about the law or the form** 35 min.
- Preparing and sending the form to the IRS** 42 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on "More Information" and then on "Give us feedback." Or you can send your comments to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Do not send Form 5884-C to this address. Instead, see *Where To File*, earlier.