

105TH CONGRESS
1ST SESSION

H. R. 2995

To amend the Internal Revenue Code of 1986 to allow tax-exempt organizations (other than governmental units) a credit against employment taxes in an amount equivalent to the work opportunity credit allowable to taxable employers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 1997

Mrs. JOHNSON of Connecticut (for herself and Mrs. LOWEY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow tax-exempt organizations (other than governmental units) a credit against employment taxes in an amount equivalent to the work opportunity credit allowable to taxable employers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Employ-
5 ment Partnership Act of 1997”.

1 **SEC. 2. TREATMENT OF WORK OPPORTUNITY WAGES AS**
 2 **PAYMENT OF EMPLOYMENT TAX LIABILITY.**

3 (a) IN GENERAL.—Chapter 25 of the Internal Reve-
 4 nue Code of 1986 (relating to general provisions relating
 5 to employment taxes) is amended by inserting after sec-
 6 tion 3510 the following new section:

7 **“SEC. 3511. TREATMENT OF WORK OPPORTUNITY WAGES**
 8 **AS PAYMENT OF EMPLOYMENT TAX LIABIL-**
 9 **ITY.**

10 “(a) GENERAL RULE.—For purposes of this title, the
 11 amount equal to the work opportunity credit amount with
 12 respect to any wages paid for any calendar quarter by an
 13 eligible tax-exempt employer shall be treated as a payment
 14 by such employer of such employer’s employment tax li-
 15 ability for such calendar quarter.

16 “(b) WORK OPPORTUNITY CREDIT AMOUNT.—For
 17 purposes of this section, the work opportunity credit
 18 amount for any calendar quarter is the amount of the
 19 credit determined under section 51 (relating to work op-
 20 portunity credit) in accordance with the following:

21 “(1) APPLICABLE PERCENTAGES.—

22 “(A) INDIVIDUALS PERFORMING AT LEAST
 23 400 HOURS OF SERVICES.—In the case of an in-
 24 dividual who has completed at least 400 hours
 25 of services performed for the eligible tax-exempt
 26 employer, subsection (a) of section 51 shall be

1 applied by substituting ‘30 percent’ for ‘40 per-
2 cent’.

3 “(B) INDIVIDUALS PERFORMING FEWER
4 THAN 400 HOURS OF SERVICES.—In the case of
5 an individual who has completed at least 120
6 hours, but less than 400 hours, of services per-
7 formed for the eligible tax-exempt employer,
8 subsection (a) of section 51 shall be applied by
9 substituting ‘20 percent’ for ‘40 percent’.

10 “(C) DENIAL OF CREDIT FOR INDIVIDUALS
11 PERFORMING FEWER THAN 120 HOURS OF
12 SERVICES.—No wages shall be taken into ac-
13 count for purposes of this section with respect
14 to any individual unless such individual has
15 completed at least 120 hours of services per-
16 formed for the employer.

17 “(D) QUARTERLY ESTIMATE OF ANNUAL
18 HOURS OF SERVICES TO BE PERFORMED.—For
19 purposes of subparagraphs (A), (B), and (C), in
20 lieu of the hours of services actually performed
21 by an individual during any of the first 3 quar-
22 ters of a calendar year, an employer may make
23 an estimate of the hours of services an individ-
24 ual is reasonably expected to perform for the
25 employer in such calendar year. The employer

1 shall adjust the deemed payments in accordance
 2 with subsection (c) for the last quarter of such
 3 calendar year to reflect the hours of services ac-
 4 tually performed by such individual in such cal-
 5 endar year.

6 “(2) ELIGIBLE TAX-EXEMPT EMPLOYER.—The
 7 term ‘eligible tax-exempt employer’ means any orga-
 8 nization which is exempt from tax under subtitle A
 9 other than—

10 “(A) any governmental unit, and

11 “(B) any agency or instrumentality of a
 12 governmental unit.

13 “(c) COORDINATION WITH DEPOSITORY REQUIRE-
 14 MENTS.—

15 “(1) IN GENERAL.—Any employer who is enti-
 16 tled to treat any amount as a payment under sub-
 17 section (a) for any calendar quarter may reduce, in
 18 such manner as the Secretary may by regulations
 19 prescribe, by a like amount, the amount otherwise
 20 required to be deposited during such quarter by rea-
 21 son of the employment tax liability of such employer.

22 “(2) QUARTERLY DETERMINATIONS.—The
 23 amount of reduction permitted under paragraph (1)
 24 for any calendar quarter shall be based on a sepa-
 25 rate estimate for such quarter of the amount of

1 deemed payments to which the employer reasonably
2 expects to be entitled under subsection (a) for the
3 calendar year which includes such quarter and shall
4 be properly adjusted (under regulations prescribed
5 by the Secretary) to reflect the amount by which
6 prior reductions under subsection (a) during such
7 calendar year were in excess of, or less than, the
8 amounts which would be proper under such esti-
9 mate.

10 “(3) YEAR-END ADJUSTMENTS.—

11 “(A) EXCESS OF DEEMED PAYMENTS AL-
12 LOWABLE OVER DEPOSITORY BENEFIT
13 CLAIMED.—If the amount of deemed payments
14 to which an employer is entitled under sub-
15 section (a) for any calendar year exceeds the
16 amount claimed by the employer under para-
17 graph (1) during such year, such excess shall be
18 treated for purposes of this title as an overpay-
19 ment made by such employer. For purposes of
20 determining interest, such overpayment shall be
21 treated as made on January 31 of the following
22 calendar year.

23 “(B) DEPOSITORY BENEFIT CLAIMED EX-
24 CEEDS DEEMED PAYMENT ALLOWABLE.—If the
25 amount claimed by the employer under para-

1 graph (1) during the calendar year exceeds the
2 amount of deemed payments to which such em-
3 ployer is entitled under subsection (a) for such
4 year, such excess shall be treated for purposes
5 of this title as an underpayment of the tax im-
6 posed by this chapter for such calendar year.
7 For purposes of determining interest, such
8 underpayment shall be allocated ratably among
9 the calendar quarters in such year (or in such
10 other manner as the Secretary may by regula-
11 tions prescribe).

12 “(d) PAYMENT TREATED AS MADE ON DUE DATE.—
13 Notwithstanding subsection (c), for purposes of determin-
14 ing interest, any deemed payment under subsection (a) for
15 any calendar quarter shall be treated as made on the due
16 date for the return for such quarter.

17 “(e) EMPLOYMENT TAX LIABILITY.—For purposes
18 of this section, the term ‘employment tax liability’ means
19 liability for the taxes imposed by chapters 21 and 24.

20 “(f) SOCIAL SECURITY TRUST FUNDS.—This section
21 shall not be construed to affect amounts appropriated
22 under sections 201 and 1817(a) of the Social Security
23 Act.”

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 25 of such Code is amended by adding at the
3 end the following new item:

“Sec. 3511. Treatment of work opportunity wages as payment of
employment tax liability.”

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to individuals who begin work for
6 the employer after the date of the enactment of this Act.

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