

# Instructions For Form WRC Worker Retraining Tax Credit Application

## GENERAL INFORMATION

The Worker Retraining Tax Credit may be claimed by employers who provide qualifying retraining for their employees through noncredit classes approved by the Virginia Department of Business Assistance (VDBA) or through an apprenticeship agreement approved by the Virginia Apprenticeship Council. For qualified employees who attend Virginia community colleges the employer can claim 30% of all training costs. For those employees who attend private schools, the employer may claim the actual costs up to \$100 per qualified employee. Qualifying apprenticeship programs may include credit and noncredit classes.

The total retraining credits granted to all employers is limited to \$2,500,000 for each year. If the total qualifying credits exceeds this amount, the credit will be prorated. Employers must apply for their share of the available credit by filing Form WRC with the VDBA or Department of Taxation, as applicable, to determine their proportionate share of the credit. Notification of the authorized credit amount must be received before the credit may be claimed on the tax return.

The credit is allowable against individual income tax, estate and trust tax, corporation income tax, bank franchise tax and taxes imposed upon insurance companies and utility companies (under Sections 58.1-2501 et. seq. and Section 58.1-2626 et seq., *Code of Virginia*). This credit is nonrefundable, but excess credit may be carried forward for the next three taxable years. No credit can be carried back to a preceding taxable year.

## PROCESS OVERVIEW FOR CLAIMING THIS CREDIT

Claiming this credit takes the following three-step process. Definitions used to qualify training are after Step 3.

### Step 1: Determine Eligibility of Courses or Apprenticeship Programs for Credit

**Noncredit Courses:** Employers seeking this credit will have retrained employees through noncredit courses. To determine if the training will qualify for this credit, complete Parts I, II, and Schedule 1 of Form WRC and send it to **Virginia Department of Business Assistance, P. O. Box 446, Richmond, VA 23218-0446**; Telephone: **804-371-8200**. VDBA will determine if the course qualifies as eligible retraining. VDBA will forward this determination to Department of Taxation for Step 2.

**Apprenticeship Programs:** Employers seeking this credit will have retrained employees in a Virginia Apprenticeship Council approved program under the Voluntary Apprenticeship Act. For program information, call Department of Labor and Industry at 804-786-8009.

File Form WRC, completing Parts I, III and Schedule 2 (see **Exception** below), with the **Department of Taxation, Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715**, to determine program applicability and authorized credit.

**EXCEPTION:** If applying for retraining credits for noncredit courses and an apprenticeship program, complete all of Form WRC and file it with VDBA. After processing Schedule 1, VDBA will send Form WRC to Department of Taxation.

### Step 2: Requests for Additional Information and Notification of Authorized Credit

**Additional information:** If the Departments of Business Assistance or Taxation need additional information they will contact you by **May 1** and you will have until **May 15** to respond. If you have not received acknowledgment of your application from the Department of Taxation by May 31 please call **804-786-2992**.

The Department of Taxation will notify you of your total worker retraining credit by **June 30**.

**Extension of time for filing:** If the tax return upon which this credit will be claimed is due on or before May 1, file an extension of time to file along with payment of any tax due or file an amended return upon receipt of the credit information.

### Step 3: Claim Worker Retraining Credit on Your Return

After notification of authorized credit, claim the credit on the applicable Virginia tax return. See the tax return instructions for computation and attachment details.

## DEFINITIONS

**“Eligible Worker Retraining”** means the retraining of a qualified employee that promotes economic development. Retraining of a qualified employee will promote economic development when the employment brings new income into Virginia, stimulates additional employment, improves existing processes, products or services or is the basis for further economic growth. The retraining can be accomplished through (i) noncredit courses at any Virginia community college or a private school or (ii) worker retraining programs undertaken through an apprenticeship agreement approved by the Virginia Apprenticeship Council.

**“Noncredit Courses”** include, but are not limited to:

- specific job-related skills/studies;
- computer training due to process or equipment change of entry-level computer skills (ongoing computer software upgrades are not included);
- continuous improvements such as team building and quality training;
- management and supervisory training;
- safety and environmental training programs; and
- credit or noncredit approved apprenticeship courses.

**“Qualified Employee”** means an employee who works in a full-time position requiring a minimum of 1,680 hours in the normal year of the employer’s operation and standard fringe benefits are offered to the employee. Employees eligible to take credit or noncredit courses undertaken through a registered apprenticeship agreement must be employed in a full-time position requiring a minimum of 1,924 hours in the normal year of the employer’s operation unless otherwise approved by the Virginia Apprenticeship Council. A Qualified Employee shall not be a spouse; child; grandchild; parent or sibling of an employer; or in the case of a corporation, an individual that owns, directly or indirectly, five percent or more of the corporation’s stock. Employees in seasonal or temporary positions are not qualified for this program.

**“Retraining”** means an upgrade in training for existing employees, which is identified as essential to the production or distribution of a product, rendering services or retraining provided through an apprenticeship agreement approved by the Virginia Apprenticeship Council.

**“Standard Fringe Benefits”** means the benefits that a particular employer offers to its full-time employees.

**“Training Costs”** means instruction, instructional materials, facilities fees and other costs determined to be necessary to the delivery of the training. Trainee wages and curriculum development costs are not covered.

### **INSTRUCTIONS FOR COMPLETING FORM WRC**

When completing Form WRC, remember that claiming the credit is a multi-step process. Complete Form WRC and the required schedules using the definitions listed earlier in these instructions. To assist you in completing Schedules 1 and 2 correctly, review these definitions: Eligible worker retraining, qualified employee, noncredit courses, retraining, standard fringe benefits and training costs.

#### **Part I - Description Of Business Activities**

Enter the principal activity of the business.

#### **Part II - Credit Based on Noncredit Courses From a Community College or Private School**

Credit will be granted for retraining through noncredit courses approved by the Virginia Department of Business Assistance.

Complete Schedule 1 (Form WRC). If additional space is needed, attach a separate page. Complete a separate Schedule 1 for each course for which the credits are requested. Enter the total number of courses and total credit requested for training costs for approved courses in the space provided in Part II of the Form WRC.

#### **Part III - Credit Based on Apprenticeship Programs**

Credit will be granted for apprenticeship programs (approved by the Virginia Apprenticeship Council through the Virginia Department of Labor and Industry) which meet the qualifications for this credit. See the definitions provided earlier in these instructions, before completing this section.

Complete Schedule 2 (Form WRC). If additional space is needed, attach a separate page. Enter each program name, the total cost and the total credit requested in the space provided in Part III of Form WRC.

See the definitions listed in these instructions before completing Schedule 2 to ensure that the training costs and employees listed qualify for the credit.

### **WHEN AND WHERE TO FILE FORM WRC**

File Form WRC **no later than April 1** in order for the qualification process to be completed. Forms received after that date may not be processed and credit may not be approved.

If applying for the worker retraining credit based on the noncredit course alone or on both the noncredit course and an apprenticeship program, file Form WRC with all required attachments (listed below) to:

**Worker Retraining Tax Credit Application**  
**Virginia Department of Business Assistance**  
**P. O. Box 446**  
**Richmond, Virginia 23218-0446**

If applying for the worker retraining credit based only on the apprenticeship program, file Form WRC with all required attachments (listed below) to:

**Tax Credit Unit**  
**Virginia Department of Taxation**  
**P. O. Box 715**  
**Richmond, Virginia 23218-0715**

### **WHAT TO ATTACH TO FORM WRC**

If Schedule 1 (Form WRC) was completed, attach a copy of the documentation used in completing Schedule 1, including enrollment forms from the school/college showing the courses taken and payment by the employer.

If Schedule 2 (Form WRC) was completed, attach a signed copy of the Apprenticeship Action Form, Apprenticeship Related Instruction Enrollment Form, and proof of payment by employer.

### **PASS-THROUGH ENTITIES**

The Virginia Department of Taxation will issue a credit certification letter specifying the amount of credit authorized to each partnership, S corporation or limited liability company qualifying to claim a portion of this credit.

Each pass-through entity must File **Form PTE** with the Department of Taxation within 30 days after the credit is granted. This information should be sent to: **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **804-786-2800**.

All pass-through entities distributing this credit to their owner(s), shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income And Virginia Modifications And Credits.

### **WHERE TO GET HELP**

Write to **Virginia Department of Taxation, Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715** or call **804-786-2992**. To order forms, call 804-440-2541. Visit [www.tax.virginia.gov](http://www.tax.virginia.gov) for most Virginia tax forms and additional tax information. Forms are also available from the office of your local Commissioner of the Revenue, Director of Finance or Director of Tax Administration.

Tenemos servicios disponible en Español.

*Virginia Tax Bulletin 99-4*, dated April 4, 1999, provides additional information on the worker retraining credit and how the credit applies. To obtain this bulletin, see “Where To Get Help” above.