

EMPLOYEES ELIGIBLE FOR NEW JOBS TRAINING PROGRAM

Prior Law

A new jobs credit from withholding is available for employers who enter into a new jobs training agreement with a community college. The credit is equal to 1½ percent of the gross wages paid to employees covered under the agreement, and the credit is claimed on an Iowa withholding tax return. The amount of the credit is paid to the community college to provide for the costs of job training.

There was no provision in the Iowa law that specified whether the withholding credit was available in situations involving residents of Illinois who work in Iowa and receive job training in Iowa, but do not pay any Iowa income tax due to the Iowa-Illinois reciprocal agreement.

New Provisions

The definition of “employee” for purposes of the new jobs training program and withholding tax credit was amended to specify that employee does not include a person not subject to the withholding of Iowa income tax due to a reciprocal agreement.

This codifies the existing practice of the Department that Illinois residents who work and receive job training in Iowa are not eligible for the withholding tax credit since these Illinois residents are not subject to Iowa withholding tax.

Section Amended

Section 10 of 2012 Iowa Acts Senate File 2212 amends section 260E.2, subsection 6, Code 2011.

Effective Date

July 1, 2012