

2007 Form 5884 Major Changes

On the Form-

1] The form is no longer continuous-use because various law changes now and in the future are facilitated by the annual format, especially with regard to the instructions (e.g., the line 22 carryback instructions).

2] A **Part I** heading is added because a **Part II** has been added to the form, **which increases the line total from 6 lines to 22 lines**. The **Part II** is added because the credit is no longer subject to the alternative minimum tax, necessitating its removal from Form 3800.
PL 110-28 sec. 8214; IRC 38(c)(4)(iv)

3] Line 1 is rewritten to remove the text "began work for you before the applicable date in the instructions and," because the credit is extended into 2011, a date not indicated in the instructions.
PL 110-28 sec. 8211; IRC 51(c)(4)(B)

It is also rewritten to accommodate an employer with a fiscal year ending in 2008 that would have paid qualified 2nd year wages in the part of such year which fell in 2008. Therefore:

- Lines **1a and b** are rewritten to add the text "Qualified first-year wages of" to conform to the language of Form 8861.
- Line **1c** is added to account for the second-year wages and the 50% reduction.
PL 109-432 sec. 105(e)(2); IRC 51(e)(2)

4] **Line 4** is rewritten to remove cooperatives, estates, and trusts because of the addition of **Lines 5-9**.

5] Lines 5-9 are necessary because of the addition of **Part II**. These lines are to account for passive activities, carryforwards, and carrybacks applicable to cooperatives, estates, trusts, and other entities. This is because with this credit cooperatives, estates, and trusts can elect to allocate a portion to patrons or beneficiaries. Adding these new lines means old lines 5 and 6 are now new **Lines 10 and 11**.

PL 110-28 sec. 8214; IRC 38(c)(4)(iv)

6] The year is updated in the usual places.

In the Instructions-

1] The **What's New** area is rewritten to indicate:

- sec. 8211 of PL 110-28 (first 3 bullets: credit extended, vet group expanded, designated community residents) and
- sec. 105(e)(2) of PL 109-432; IRC 51(d)(10) (last bullet: long-term family assistance recipients).

2] Under **Targeted group employee**:

- A bullet is added for long-term family assistance recipients. PL 109-432 sec. 105(e)(2); IRC 51(d)(10))
- The high-risk youth targeted group is renamed “Designated community resident.”
PL 110-28 sec.8211(b); IRC 51(d)(5)
- Conforming with the Form 8850, the text “qualified” is removed from the last 3 targeted group bullets - summer youth employee, food stamp recipient, and SSI recipient.
- The next-to-last paragraph (re: claiming the welfare-to-work credit negates any work opportunity credit targeted group designation) is removed because the two credits cannot possibly apply to the same wages in the same year. Similarly, a bullet with such information under **Qualified Wages** is removed.

3] To conform to the language in the Form 8861 instructions and to leave open the possibility of qualifying second-year wages, the **Qualified Wages** area is rewritten as follows:

- The heading “Qualified first-year wages” and the first two sentences (re first-year wages and the maximum amount of such wages) are removed.
- The text “excluding tips” is removed from the “wages qualifying for the credit” discussion (now at the beginning of the paragraph).
- The text “the first \$6,000 of” is removed from the agricultural labor discussion.

4] Also under **Qualified Wages**, the second bullet in the second set of bullets is rewritten as two separate bullets, to affecting the terms “high-risk” (redesignated as “designated community resident”) and “enterprise community” (expired provision).

IRC 51(d)(5); IRC 1391(d)(1)(A)(ii)

5] The heading "**Members of a controlled group or businesses under common control**" is made a head 2.

6] **Part I** and **Part II** headings are added because a **Part II** has been added to the form. Therefore, the **Part II** instructions are entirely new.

7] Instructions for **Lines 1a and b** are expanded and combined with new **Line 1c** instructions to indicate the following:

- First- or second-year wages and the new long-term family assistance recipients group.
PL 109-432 sec. 105(e)(2); IRC 51(e)(2))
- The new disabled veterans group, including the greater maximum wages for such vets, \$12,000.
IRC 51(b)(3)(A)

8] New **Lines 5, 7, and 8** instructions are added.

9] Old line 5 instructions are renumbered as **Line 10** instructions.

10] The year is updated in the usual places.