

(A) only 50 percent of such credit shall be taken into account under paragraph (1), and
 (B) only 50 percent of any recapture amount attributable to such credit shall be taken into account under paragraph (2).

(4) Recapture of reductions

(A) In general

For purposes of sections 1245 and 1250, any reduction under this subsection shall be treated as a deduction allowed for depreciation.

(B) Special rule for section 1250

For purposes of section 1250(b), the determination of what would have been the depreciation adjustments under the straight line method shall be made as if there had been no reduction under this section.

(5) Adjustment in basis of interest in partnership or S corporation

The adjusted basis of—

- (A) a partner's interest in a partnership, and
- (B) stock in an S corporation,

shall be appropriately adjusted to take into account adjustments made under this subsection in the basis of property held by the partnership or S corporation (as the case may be).

(d) Certain rules made applicable

For purposes of this subpart, rules similar to the rules of the following provisions (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply:

- (1) Section 46(e) (relating to limitations with respect to certain persons).
- (2) Section 46(f) (relating to limitation in case of certain regulated companies).
- (3) Section 46(h) (relating to special rules for cooperatives).
- (4) Paragraphs (2) and (3) of section 48(b) (relating to special rule for sale-leasebacks).
- (5) Section 48(d) (relating to certain leased property).
- (6) Section 48(f) (relating to estates and trusts).
- (7) Section 48(r) (relating to certain 501(d) organizations).

Paragraphs (1)(A), (2)(A), and (4) of the section 46(e) referred to in paragraph (1) of this subsection shall not apply to any taxable year beginning after December 31, 1995.

(Added Pub. L. 101-508, title XI, §11813(a), Nov. 5, 1990, 104 Stat. 1388-546; amended Pub. L. 104-188, title I, §§1616(b)(1), 1702(h)(11), 1704(t)(29), Aug. 20, 1996, 110 Stat. 1856, 1874, 1889; Pub. L. 105-206, title VI, §6004(g)(7), July 22, 1998, 112 Stat. 796; Pub. L. 108-357, title III, §322(d)(2)(D), Oct. 22, 2004, 118 Stat. 1475; Pub. L. 109-135, title IV, §412(o), Dec. 21, 2005, 119 Stat. 2638; Pub. L. 113-295, div. A, title II, §220(d), Dec. 19, 2014, 128 Stat. 4036.)

REFERENCES IN TEXT

The date of the enactment of the Revenue Reconciliation Act of 1990, referred to in subsec. (d), is the date of enactment of Pub. L. 101-508, which was approved Nov. 5, 1990.

PRIOR PROVISIONS

A prior section 50, Pub. L. 92-178, title I, §101(a), Dec. 10, 1971, 85 Stat. 498, related to restoration of credit for investment in certain depreciable property, prior to repeal by Pub. L. 95-600, title III, §312(c)(1), Nov. 6, 1978, 92 Stat. 2826, applicable to taxable years ending after Dec. 31, 1978.

AMENDMENTS

2014—Subsec. (a)(2)(E). Pub. L. 113-295 inserted “, 48A(b)(3), 48B(b)(3), 48C(b)(2), or 48D(b)(4)” after “in section 48(b)”.

2005—Subsec. (a)(2)(E). Pub. L. 109-135 substituted “section 48(b)” for “section 48(a)(5)”.

2004—Subsec. (c)(3). Pub. L. 108-357 struck out “or reforestation credit” after “energy credit” in introductory provisions.

1998—Subsec. (a)(5)(C). Pub. L. 105-206 substituted “this chapter” for “subpart A, B, D, or G”.

1996—Subsec. (a)(2)(C). Pub. L. 104-188, §1704(t)(29), substituted “subsection (d)(5)” for “subsection (c)(4)”.
 Subsec. (a)(2)(E). Pub. L. 104-188, §1702(h)(11), substituted “48(a)(5)” for “48(a)(5)(A)”.

Subsec. (d). Pub. L. 104-188, §1616(b)(1), inserted closing provisions.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable with respect to expenditures paid or incurred after Oct. 22, 2004, see section 322(e) of Pub. L. 108-357, set out as a note under section 46 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 1616(b)(1) of Pub. L. 104-188 applicable to taxable years beginning after Dec. 31, 1995, see section 1616(c) of Pub. L. 104-188, set out as a note under section 593 of this title.

Amendment by section 1702(h)(11) of Pub. L. 104-188 effective, except as otherwise expressly provided, as if included in the provision of the Revenue Reconciliation Act of 1990, Pub. L. 101-508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104-188, set out as a note under section 38 of this title.

EFFECTIVE DATE

Section applicable to property placed in service after Dec. 31, 1990, but not applicable to any transition property (as defined in section 49(e) of this title), any property with respect to which qualified progress expenditures were previously taken into account under section 46(d) of this title, and any property described in section 46(b)(2)(C) of this title, as such sections were in effect on Nov. 4, 1990, see section 11813(c) of Pub. L. 101-508, set out as an Effective Date of 1990 Amendment note under section 45K of this title.

SAVINGS PROVISION

For provisions that nothing in this section be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

[§§ 50A, 50B. Repealed. Pub. L. 98-369, div. A, title IV, § 474(m)(2), July 18, 1984, 98 Stat. 833]

Section 50A, added Pub. L. 92-178, title VI, §601(b), Dec. 10, 1971, 85 Stat. 554; amended Pub. L. 93-406, title

II, §§ 2001(g)(2)(B), 2002(g)(2), 2005(c)(4), Sept. 2, 1974, 88 Stat. 957, 968, 991; Pub. L. 94-12, title IV, § 401(a)(1), (2), Mar. 29, 1975, 89 Stat. 45; Pub. L. 94-401, § 4(a), Sept. 7, 1976, 90 Stat. 1217; Pub. L. 94-455, title V, § 503(b)(4), title XIX, §§ 1901(a)(6), (b)(1)(D), 1906(b)(13)(A), title XXI, § 2107(a)(1)-(3), (b), (c), Oct. 4, 1976, 90 Stat. 1562, 1765, 1790, 1834, 1903, 1904; Pub. L. 95-600, title III, § 322(a)-(c), Nov. 6, 1978, 92 Stat. 2836, 2837; Pub. L. 96-178, § 6(c)(1), Jan. 2, 1980, 93 Stat. 1298; Pub. L. 96-222, title I, § 103(a)(7)(D)(i), Apr. 1, 1980, 94 Stat. 211; Pub. L. 97-34, title II, § 207(c)(1), Aug. 13, 1981, 95 Stat. 225; Pub. L. 97-248, title I, § 265(b)(2)(A)(ii), Sept. 3, 1982, 96 Stat. 547; Pub. L. 97-354, § 5(a)(9), Oct. 19, 1982, 96 Stat. 1693, provided for a credit for expenses of work incentive programs, for the determination of the amount of that credit, and for the carryover and carryback of unused credit.

Section 50B, added Pub. L. 92-178, title VI, § 601(b), Dec. 10, 1971, 85 Stat. 556; amended Pub. L. 94-12, title III, § 302(c)(4), title IV, § 401(a)(3)-(5), Mar. 29, 1975, 89 Stat. 44, 46; Pub. L. 94-401, § 4(b), Sept. 7, 1976, 90 Stat. 1218; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), title XXI, § 2107(a)(4), (d)-(f), Oct. 4, 1976, 90 Stat. 1834, 1903, 1904; Pub. L. 95-171, § 1(e), Nov. 12, 1977, 91 Stat. 1353; Pub. L. 95-600, title III, § 322(d), Nov. 6, 1978, 92 Stat. 2837; Pub. L. 96-178, §§ 3(a)(1), (3), 6(c)(2), (3), Jan. 2, 1980, 93 Stat. 1295, 1298; Pub. L. 96-222, title I, § 103(a)(5), (7)(C), (D)(ii), (iii), Apr. 1, 1980, 94 Stat. 209, 211; Pub. L. 96-272, title II, § 208(b)(1), (2), June 17, 1980, 94 Stat. 526, 527; Pub. L. 97-34, title II, § 261(b)(2)(B)(i), Aug. 13, 1981, 95 Stat. 261; Pub. L. 97-354, § 5(a)(10), Oct. 19, 1982, 96 Stat. 1693; Pub. L. 101-239, title VII, § 7644, Dec. 19, 1989, 103 Stat. 2381, provided for the definition of terms related to the expenses of work incentive programs, limitations on such expenses, and special rules to be applied in connection with the computation of the credit.

Subsequent to repeal, Pub. L. 101-239, title VII, § 7644(a), Dec. 19, 1989, 103 Stat. 2381, provided that:

“(a) IN GENERAL.—So much of subparagraph (A) of section 50B(h)(1) of the Internal Revenue Code of 1954 (as in effect for taxable years beginning before January 1, 1982) as precedes clause (i) thereof is amended to read as follows:

“(A) who has been certified (or for whom a written request for certification has been made) on or before the day the individual began work for the taxpayer by the Secretary of Labor or by the appropriate agency of State or local government as—”.

“(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of credits first claimed after March 11, 1987.”

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 21 of this title.

SUBPART F—RULES FOR COMPUTING WORK OPPORTUNITY CREDIT

Sec.	
51.	Amount of credit.
[51A.	Repealed.]
52.	Special rules.

AMENDMENTS

2006—Pub. L. 109-432, div. A, title I, § 105(e)(4)(B), Dec. 20, 2006, 120 Stat. 2937, struck out item 51A “Temporary incentives for employing long-term family assistance recipients”.

1997—Pub. L. 105-34, title VIII, § 801(b), Aug. 5, 1997, 111 Stat. 871, added item 51A.

1996—Pub. L. 104-188, title I, § 1201(e)(2), Aug. 20, 1996, 110 Stat. 1772, substituted “Work Opportunity Credit” for “Targeted Jobs Credit” in subpart heading.

1984—Pub. L. 98-369, div. A, title IV, § 474(n)(1), (2), (p)(9), July 18, 1984, 98 Stat. 833, 838, substituted “F” for

“D” as subpart designation, substituted “Rules for Computing Targeted Jobs Credit” for “Rules for Computing Credit for Employment of Certain New Employees” in heading, and struck out item 53 “Limitation based on amount of tax”.

§ 51. Amount of credit

(a) Determination of amount

For purposes of section 38, the amount of the work opportunity credit determined under this section for the taxable year shall be equal to 40 percent of the qualified first-year wages for such year.

(b) Qualified wages defined

For purposes of this subpart—

(1) In general

The term “qualified wages” means the wages paid or incurred by the employer during the taxable year to individuals who are members of a targeted group.

(2) Qualified first-year wages

The term “qualified first-year wages” means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

(3) Limitation on wages per year taken into account

The amount of the qualified first-year wages which may be taken into account with respect to any individual shall not exceed \$6,000 per year (\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(I), \$14,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(iv), and \$24,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(II)).

(c) Wages defined

For purposes of this subpart—

(1) In general

Except as otherwise provided in this subsection and subsection (h)(2), the term “wages” has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

(2) On-the-job training and work supplementation payments

(A) Exclusion for employers receiving on-the-job training payments

The term “wages” shall not include any amounts paid or incurred by an employer for any period to any individual for whom the employer receives federally funded payments for on-the-job training of such individual for such period.

(B) Reduction for work supplementation payments to employers

The amount of wages which would (but for this subparagraph) be qualified wages under this section for an employer with respect to an individual for a taxable year shall be re-