



Taxes and Unemployment

Employers must comply with all appropriate tax regulations for students participating in work-based learning experiences. Some significant Iowa tax benefits can accrue to employers who hire from certain populations of people, which may provide teacher- coordinators with additional selling points when approaching employers to establish training stations.

Social Security

Students in work-based learning programs must have a Social Security number. Each employer is also required to give student-learners a copy of a W-2 form which includes a statement of Social Security contributions deducted from their pay, as well as the amount of wages and other contributions. For most kinds of work, wages paid in forms other than cash – such as the value of meals or living quarters – must be included. For domestic work in a private household or for farm work, only cash wages count.

Any student who is currently receiving Social Security benefits may earn only a specific amount each year. Check with the Social Security Administration office at 800-772-1213 or on the Web at www.socialsecurity.gov for up-to-date information on earnings limits.

Iowa Tax Benefits

Iowa employers who hire hard-to-place job applicants may be eligible to receive federal income tax credits under [Work Opportunity Tax Credit](#) (WOTC). Iowa employers that meet certain criteria are allowed additional deduction on their Iowa income tax returns for hiring ex-offenders or persons with disabilities.

Contact Information:

Work Opportunity Tax Credit Coordinator
Iowa Workforce Development
Division of Workforce Services
1000 E. Grand Avenue
Des Moines, IA 50319
Email: wotc.coordinator@iwd.iowa.gov

Unemployment Tax / Unemployment Compensation Insurance

Employers are not required to pay unemployment tax during the periods in which students are enrolled in the work-based learning program – from the first day of the school year to the last day of the school year, but they are required to file for periods when the student is not enrolled in the program, such as during the summer months. Likewise, students are not eligible to claim unemployment benefits while enrolled in the program.

Work-Based Learning



The training agreement should contain a statement of fact concerning the mutual understanding that the employer will not be obligated to contribute to the unemployment tax. An example statement is:

The student and employer mutually understand that the employer is not obligated to pay any unemployment compensation tax during the specified school term / training period. Unemployment compensation cannot be claimed by the student.

For More Information...

Social Security Administration
800-772-1213
<http://www.ssa.gov>

Iowa Department of Revenue and Finance
515-281-3114
800-367-3388
<https://tax.iowa.gov/>

Internal Revenue Service
800-829-1040
<http://www.irs.gov>

Iowa Workforce Development – Unemployment Insurance Benefits
866-239-0843
<http://www.iowaworkforce.org>