

118TH CONGRESS
1ST SESSION

H. R. 6818

To amend the Internal Revenue Code of 1986 to provide employers a credit against employment and income taxes for certain employee training expenses.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 14, 2023

Mrs. HINSON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide employers a credit against employment and income taxes for certain employee training expenses.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bettering Employee
5 Skills and Talents Act” or the “BEST Act”.

6 **SEC. 2. WORKFORCE TRAINING CREDIT.**

7 (a) IN GENERAL.—Subchapter D of chapter 21 of the
8 Internal Revenue Code of 1986 is amended by adding at
9 the end the following new section:

1 **“SEC. 3135. WORKFORCE TRAINING CREDIT.**

2 “(a) IN GENERAL.—There shall be allowed as a cred-
3 it against applicable employment taxes for each calendar
4 quarter an amount equal to 30 percent of the qualified
5 workforce training expenses paid or incurred by the em-
6 ployer during such calendar quarter.

7 “(b) QUALIFIED WORKFORCE TRAINING EX-
8 PENSES.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified work-
10 force training expenses’ means amounts paid or in-
11 curred by the employer to provide a qualified em-
12 ployee with qualified training.

13 “(2) QUALIFIED EMPLOYEE.—The term ‘quali-
14 fied employee’ means any employee who holds an
15 entry-level position with the employer and has not
16 obtained a bachelor’s degree.

17 “(3) QUALIFIED TRAINING.—The term ‘quali-
18 fied training’ means any program of training which
19 is designed to prepare an individual for a skill or
20 employment classification that is recognized by any
21 State or local government, regulatory body, or pro-
22 fessional guild or organization. Such term shall not
23 include any program of workplace safety training
24 unless the skill or employment classification relates
25 to workplace safety.

1 “(c) APPLICABLE EMPLOYMENT TAXES.—For pur-
2 poses of this section, the term ‘applicable employment
3 taxes’ means the taxes imposed under sections 3111(a),
4 3111(b), and 3221(a).

5 “(d) CARRYOVER OF EXCESS CREDIT AS EMPLOY-
6 MENT OR INCOME TAX CREDIT.—

7 “(1) CREDIT LIMITED TO EMPLOYMENT
8 TAXES.—The credit allowed under subsection (a)
9 with respect to any calendar quarter shall not exceed
10 the applicable employment taxes (reduced by any
11 credits allowed under subsection (e) or (f) of section
12 3111) on the wages paid with respect to the employ-
13 ment of all the employees of the employer for such
14 calendar quarter.

15 “(2) CARRYOVER AS EMPLOYMENT OR INCOME
16 TAX CREDIT.—If the amount of any credit under
17 subsection (a) exceeds the limitation of paragraph
18 (1) for any calendar quarter, such excess—

19 “(A) except as provided in subparagraph
20 (B), shall be carried to the succeeding calendar
21 quarter and allowed as a credit under sub-
22 section (a) for such quarter, or

23 “(B) if the employer elects the application
24 of this subparagraph (at such time and in such
25 manner as the Secretary may provide), shall

1 taken into account as a current year business
2 credit under section 38(b)(42) for the taxable
3 year of the employer in which or with which
4 such calendar quarter ends.

5 “(e) RECAPTURE.—

6 “(1) IN GENERAL.—If credit is determined
7 under this section with respect to any employee and
8 such employee fails to succeed at training, the appli-
9 cable employment taxes of the employer with respect
10 to which such credit is determined shall be increased
11 for the calendar quarter which includes the date of
12 such failure by the aggregate amount of such cred-
13 its.

14 “(2) DETERMINATION OF FAILURE.—An em-
15 ployee shall be treated as failing to succeed at train-
16 ing if such employee fails to complete the training
17 program or fails to obtain the skill, employment
18 classification, or certification with respect to which
19 the training program relates.

20 “(f) SPECIAL RULES.—

21 “(1) AGGREGATION RULE.—For purposes of
22 subsection (b), all persons treated as a single em-
23 ployer under subsection (a) or (b) of section 52, or
24 subsection (m) or (o) of section 414, shall be treated
25 as one employer.

1 “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-
2 tion or credit (other than the credit determined
3 under this section) shall be allowed for that portion
4 of the qualified workforce training expenses paid or
5 incurred in a taxable year which is equal to the cred-
6 it determined under this section with respect to such
7 expenses.

8 “(3) EXCLUSION OF GOVERNMENTAL AND NON-
9 PROFIT EMPLOYERS.—No credit shall be allowed
10 under this section to—

11 “(A) any agency or instrumentality of and
12 Federal, State, or local government, or

13 “(B) any organization exempt from the tax
14 imposed under chapter 1.

15 “(4) ELECTION TO NOT CLAIM CREDIT.—No
16 credit shall be determined under subsection (a) with
17 respect to so much of the qualified workforce train-
18 ing expenses as the employer elects (at such time
19 and in such manner as the Secretary may provide)
20 to not take into account for purposes of this section.

21 “(5) TREATMENT OF DEPOSITS.—The Sec-
22 retary shall waive any penalty under section 6656
23 for any failure to make a deposit of any applicable
24 employment taxes if the Secretary determines that

1 such failure was due to the reasonable anticipation
2 of the credit allowed under this section.

3 “(6) EXTENSION OF LIMITATION ON ASSESS-
4 MENT.—Notwithstanding section 6501, the limita-
5 tion on the time period for the assessment of any
6 amount attributable to a credit claimed under this
7 section shall not expire before the date that is 5
8 years after the later of—

9 “(A) the date on which the original return
10 which includes the calendar quarter with re-
11 spect to which such credit is determined is filed,
12 or

13 “(B) the date on which such return is
14 treated as filed under section 6501(b)(2).

15 “(g) REGULATIONS AND GUIDANCE.—The Secretary
16 shall issue such forms, instructions, regulations, and other
17 guidance as are necessary—

18 “(1) with respect to the application of the cred-
19 it under this section to third party payors (including
20 professional employer organizations, certified profes-
21 sional employer organizations, or agents under sec-
22 tion 3504), including regulations or guidance allow-
23 ing such payors to submit documentation necessary
24 to substantiate such credit,

1 “(2) to provide for adequate reporting of infor-
2 mation to the Secretary for purposes of this section,
3 and

4 “(3) with respect to the recapture under sub-
5 section (f) of the credit determined by this section,
6 including the establishment of periods after which a
7 failure described in subsection (f)(2) will be treated
8 as occurring if the requirements described in such
9 subsection are not satisfied as of the close of such
10 period.

11 Any forms, instructions, regulations, or other guidance de-
12 scribed in paragraph (1) shall require the customer to be
13 responsible for the accounting of the credit and for any
14 liability for improperly claimed credits and shall require
15 the certified professional employer organization or other
16 third party payor to accurately report such tax credits
17 based on the information provided by the customer.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 38(b) of such Code is amended by
20 striking “plus” at the end of paragraph (40), by
21 striking the period at the end of paragraph (41) and
22 inserting “, plus”, and by adding at the end the fol-
23 lowing new paragraph:

24 “(42) in the case of a taxpayer making the elec-
25 tion under 3135(e)(2)(B) for any calendar quarter

1 ending during or with such taxable year, the amount
2 treated as a credit under this paragraph pursuant to
3 such election.”.

4 (2) Section 3511(d)(2) of such Code is amend-
5 ed by striking “and” at the end of subparagraph
6 (H), by redesignating subparagraph (I) as subpara-
7 graph (J), and by inserting after subparagraph (H)
8 the following new subparagraph:

9 “(I) section 3135 (workforce training cred-
10 it), and”.

11 (3) The table of sections for subchapter D of
12 chapter 21 of such Code is amended by adding at
13 the end the following new item:

“Sec. 3135. Workforce training credit.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to calendar quarters beginning
16 after the date of the enactment of this Act.

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