



Employment Security Department

WASHINGTON STATE

Trade Adjustment Assistance (TAA) Policy Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 3030, Revision 1 (2009 Amendments)

To: Washington WorkSource System

Effective Date: January 16, 2020

Subject: Health Coverage Tax Credit (HCTC) under the 2009 Amendments

1. Purpose:

To communicate state policy on Health Coverage Tax Credit as it applies to Trade Adjustment Assistance (TAA), Alternate Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) participants. (Section 35, Internal Revenue Code (I.R.C.) of 1986) (26 U.S.C. 35), as amended by Section 407 of the TAARA of 2015.

2. Background:

The Trade Adjustment Assistance Reauthorization Act of 2015 reinstated HCTC through December 2019. Training and Employment Notice (TEN) 10-19 Change 1, issued December 31, 2019, further extends HCTC through December 31, 2020. Title II of the TAA Reform Act created the initial HCTC Federal income tax credit, which subsidizes certain health insurance coverage for individuals identified as:

- Individuals who received Trade Readjustment Allowance (TRA) for any day of the reference month
- Individuals who would have been eligible to receive TRA in the reference month except for not having exhausted their unemployment compensation entitlement
- Eligible ATAA/RTAA participants

HCTC is a tax credit that pays 72.5 percent of qualified health insurance premiums for eligible individuals and their families. The HCTC acts as partial reimbursement for premiums paid for qualified health insurance coverage.

3. **Policy:**

The TRA Unit will notify eligible TAA participants and ATAA or RTAA participants of their potential eligibility for HCTC and direct them to the [IRS HCTC website](#) for further information.

4. **Definitions:**

None.

5. **References:**

- [Training and Employment Notice \(TEN\) 10-19, Change 1](#)
- [Training and Employment Notice No. 25-15](#)
- [Unemployment Insurance Program Letter No. 1-17](#)
- [Training and Employment Guidance Letter \(TEGL\) 22-08](#)
- [The Trade Preferences Extension Act of 2015 \(Public Law 114-27\)](#), enacted June 29, 2015
- [Health Coverage Tax Credit \(Section 35, Internal Revenue Code \(I.R.C.\) of 1986\)](#) (26 U.S.C. 35), as amended by Section 407 of the TAARA of 2015.

6. **Supersedes:**

- TAA Policy 3030 - Health Coverage Tax Credit (HCTC) Eligibility, dated September 29, 2017.

7. **Website:**

- <https://www.irs.gov/credits-deductions/individuals/hctc>
- <https://wpc.wa.gov/policy/state/TAA>

8. **Action:**

Employment Security Department Regional Directors and WorkSource Administrators must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

9. **Attachments:**

None.

Direct Inquiries To:

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