

Solano Veterans Scene September 2012

Tax credits for employers who hire veterans

Last November President Obama signed into law the Vow to Hire Heroes Act of 2011 that amended and expanded the definition of veteran target groups for the Work Opportunity Tax Credit program. Employers only have a few months left to take advantage of this program, as the changes and new provisions in the act only apply to individuals who start work by Jan. 1, 2013.

A Work Opportunity Tax Credit (WOTC) is a federal tax credit available to private-sector businesses and certain non-profit organizations for hiring certain individuals, including veterans, who have consistently faced significant barriers to employment. The WOTC program enables the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income, while participating employers are able to reduce their federal income tax liability.

The VOW to Hire Heroes Act extended and expanded the tax credit as it applies to veterans. If used to its fullest, employers can receive between \$2,400 and \$9,600 in tax credits by hiring veterans meeting various criteria, including veterans who:

- receive Supplemental Nutrition Assistance Program (food stamps) benefits,
- have a service-connected disability and are hired within one year of discharge or release from active duty, and
- have a service-connected disability and have been unemployed for at least six months.

An employer who hires an eligible veteran can expect to recoup up to 50 percent of the veteran's salary during the incentive period. This reimbursement can also cover the added costs of bringing on new employees, including the cost of instruction, the loss of production or the additional supplies and equipment required during the training period.

In addition to the tax credits, employers get qualified veterans who are proven employees with the necessary "soft skills" to be successful employees. Their military experience means they know how to take instructions and follow them completely. Veterans have been taught to exercise and appreciate leadership and have experience in taking and giving orders. They know how to get up in the morning and report for duty along with the grooming and appearance appropriate for the job. They bring a great work ethic and a team work approach to the task at hand.

Equally as important, hiring a veteran shows our nation's military that you are a supporter and have faith in the people who serve our country.

Veterans benefit too. There's the immediate income from being employed as a result of the employer incentive. They also gain valuable skills that build on their military experience, but in a practical setting that meets the employer's specifications. Based on good performance, the acquired skills and the economic climate of the employer, the veterans gain an opportunity for continued employment beyond the incentive program. Veterans can also get support from Veterans Administration vocational rehabilitation counselors, if applicable, or from the employment counselors at local one-stop career centers.

Information on how to apply for this tax credit can be obtained at www.doleta.gov/wotc .

Ted Puntillo is director of Veteran Services for Solano County. Reach him at 784-6590 or TEPuntillo@SolanoCounty.com. The Solano County Veteran Services Office, 675 Texas St. in Fairfield, is open from 9 a.m. to noon and 1 to 4 p.m. Monday through Friday.