



TAX CREDITS: ANOTHER BENEFIT TO HIRING VETERANS

In addition to the skills and talents military veterans can bring to a company, did you know that they can also help businesses earn tax credits?

Businesses that hire eligible unemployed veterans can take advantage of a **Work Opportunity Tax Credit (WOTC)**. The **Returning Heroes Tax Credit** provides incentives of up to \$5,600 for hiring unemployed veterans, and the **Wounded Warriors Tax Credit** doubles the existing WOTC for long-term unemployed veterans with service-connected disabilities, to up to \$9,600.

Here are various veteran-related tax credits:

Unemployment Tax Credits

Short-term Unemployment: A credit of 40% of the first \$6,000 of wages (up to \$2,400) for employers who hire veterans who have been in receipt of unemployment compensation for at least 4 weeks.

Long-term Unemployment: A credit of 40% of the first \$14,000 of wages (up to \$5,600) for employers who hire veterans who have been in receipt of unemployment compensation for 6+ months.

Qualified Long-term Unemployment: This is a credit for new hires who begin work on or after Jan. 1, 2016 through Dec. 31, 2019, during which the individual is employed no less than 27 consecutive weeks, and includes a period in which the individual was receiving unemployment compensation under State or Federal law. For WOTC-certified new hires working at least 120 hours, employers can claim 25% of the first year wages paid up to \$6,000, for a maximum income tax credit of up to \$1,500. For WOTC-certified new hires working 400+ hours, employers can claim 40% of the first year wages up to \$6,000, for a maximum credit of up to \$2,400.



Wounded Warrior Tax Credits

Veterans with Services-Connected Disabilities:

Maintains the existing Work Opportunity Tax Credit for veterans with service-connected disabilities hired within one year of being discharged from the military. The credit is 40% of the first \$12,000 of wages (up to \$4,800).

Long-Term Unemployed Veterans with

Service-Connected Disabilities: A new credit of 40% of the first \$24,000 of wages (up to \$9,600) for firms that hire veterans with service-connected disabilities who have been in receipt of unemployment compensation for longer than 6 months. The credit can be as high as \$9,600 per veteran for for-profit employers or up to \$6,240 for tax-exempt employers.

Certain tax-exempt organizations can take advantage of WOTC by hiring eligible veterans and receiving a credit against the employer's share of Social Security taxes.

Details about these credits are available on the U.S. Department of Labor website (doleta.gov/business/incentives/opptax/) and the IRS website (irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit).