



IN THIS ISSUE:

- [New Tax Credits Available for Hiring Veterans](#)
- [Texas Tax Amnesty Program to Run From June 12 – August 17, 2012](#)

NEW TAX CREDITS AVAILABLE FOR HIRING VETERANS

Employers now have a powerful new incentive for hiring recently discharged and other unemployed veterans. Under the VOW to Hire Heroes Act of 2011, just enacted by Congress this past November, employers may receive significant income tax credits (called "work opportunity tax credits") for hiring unemployed veterans. Below is a summary of the credits.

- 40% of the first year wages up to \$6,000 (i.e., a tax credit of up to \$2,400 per year) for each veteran hired who is receiving Supplemental Nutrition Assistance Program (SNAP) benefits.
- 40% of first year wages up to \$6,000 (i.e., a tax credit of up to \$2,400 per year) for each veteran hired who was unemployed for a period of at least 4 weeks but less than 6 months during the year ending on the hire date.
- 40% of first year wages up to \$12,000 (i.e., a tax credit of up to \$4,800) for each veteran hired who has a service-connected disability and who is hired not more than one year after being discharged or released from active duty.
- 40% of first year wages up to \$14,000 (i.e., a tax credit of up to \$5,600 per year) for each veteran hired who was unemployed for a period of at least 6 months during the year ending on the hire date.
- 40% of first year wages up to \$24,000 (i.e., a tax credit of up to \$9,600 per year) for each veteran hired who was unemployed for a period of at least 6 months during the year ending on the hire date and who has a service-connected disability.

The credits are available for veterans hired on or after November 22, 2011, and not later than December 31, 2012. You may not have previously hired the veteran, and the veteran must not be a relative of the employer. In addition, the veteran must be employed for at least 400 hours for you to earn the full credit. If the veteran works at least 120 hours but less than 400 hours, the percentage of wages qualifying for the credit is reduced to 25%.

Apart from the maximum credit per employee, there is no limit on the number of tax credits or the total amount of tax credits an employer may take. However, the credits are not refundable and, therefore, are limited to current year income tax liability. Unused credits may be carried back one year and forward twenty years to offset the income tax liability in those years.



To claim the credit, an employer must obtain certification that a newly hired veteran was receiving unemployment compensation for the requisite unemployment period or otherwise meets one of the eligibility criteria. You obtain this certification by having the veteran complete page 1 of IRS Form 8850 on or before the date the job offer is made.

The employer must then complete page 2 of IRS Form 8850 and U.S. Department of Labor ETA Form 9061 or 9062 after the veteran is hired and mail those forms to the state unemployment security office not later than 28 calendar days after the veteran begins work.

For more information about how to claim the credits, please contact your tax attorney or CPA.

Extra Incentive for Federal Contractors and Subcontractors

The new tax credits should be especially welcomed by employers who are federal contractors or subcontractors and, therefore, subject to the affirmative action requirements of the Vietnam Era Veterans Readjustment Assistance Act (VEVRAA) and the implementing regulations administered by the Office of Federal Contract Compliance Programs (OFCCP). Under VEVRAA and the OFCCP regulations, federal contractors and subcontractors are required to engage in affirmative outreach efforts to recruit and hire certain categories of veterans. Veterans outreach has become an issue of increasing importance to OFCCP in affirmative action compliance reviews, and one of the most common violations for which federal contractors and subcontractors are cited by OFCCP is the failure to engage in sufficient outreach efforts to effectively recruit veterans for open positions. Under new regulations proposed by OFCCP and expected to take effect later this year, in addition to enhanced affirmative outreach efforts, federal contractors and subcontractors will be required to track applicants based on veteran status and to set hiring goals for veterans for each group of similar jobs in the employer's workplace. The new tax credits for hiring veterans not only provide added incentive for federal contractors and subcontractors to affirmatively recruit veterans for open positions, but they also provide an opportunity to gain a head start on compliance with the anticipated new veterans affirmative action regulations, whatever form they may take.

—[H. Mark Adams](#) and [B. Trevor Wilson](#)



TEXAS TAX AMNESTY PROGRAM TO RUN FROM JUNE 12 – AUGUST 17, 2012

Susan Combs, the Texas Comptroller of Public Accounts, recently announced the *Fresh Start* tax amnesty program to give taxpayers the opportunity to pay delinquent taxes without penalty or interest. Under the *Fresh Start* program, the Comptroller will waive penalties and interest for businesses that file delinquent tax reports and pay all taxes due, or amend reports that underreported taxes and pay the taxes due. (Read the Comptroller's press release [here](#).)

All taxes and fees administered by the Comptroller's office, with the exception of the Public Utility Commission gross receipts assessments, that were originally due before April 1, 2012 are eligible for amnesty. Amnesty will not apply to underpaid tax returns (returns on which tax was reported but not paid) or tax periods under audit.

If you have any questions or would like additional information about the Texas amnesty program, please contact a member of the Jones Walker [State & Local Tax Team](#).



Remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues, contact:

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