

Deadline Fast Approaching For Businesses Or Exempt Organizations To Claim A Tax Credit For Recently Hired Veterans.

If your business or tax-exempt organization has hired a United States veteran since November 22, 2011, your entity may be eligible for a significant tax credit as part of the recently expanded Work Opportunity Tax Credit (“WOTC”). **However, organizations must act soon, as the deadline to file the required documentation is June 19, 2012.**

The purpose of the WOTC is to provide an incentive for employers to hire certain individuals who are financially dependent on the federal government, with the ultimate goal of enabling those individuals to become financially independent. The list of eligible workers includes SSI (Supplemental Security Income), TANF (Temporary Assistance for Needy Families), and food stamp recipients. Under the VOW To Hire Heroes Act of 2011, the WOTC was expanded to include businesses who hire United States veterans and for the first time makes the credit available to tax-exempt organizations. For exempt organizations, the credit is claimed against the employer portion of social security (but not medicare) tax on wages paid to all employees during the 1-year period beginning on the day a qualified veteran begins working for the organization.

Eligible business employers can receive a tax credit of up to \$9,600 per veteran hired while tax-exempt organizations can receive up to \$6,420. To determine the actual amount of the tax credits, the IRS will look at three factors: (1) the length of the veteran’s unemployment before being hired, (2) the number of hours the veteran will work, and (3) the veteran’s first year wages.

The IRS has allowed businesses and exempt organizations more time to file the required documentation to claim the credit for recently hired veterans. Ordinarily, an employer must file IRS Form 8850 (Pre-Screening Notice and Certification Request for the Work Opportunity Tax Credit) to certify an eligible worker within 28 days of hiring the employee. However, if a business or tax-exempt organization hired a veteran between November 22, 2011 and May 22, 2012, it can still qualify for the WOTC so long as it files Form 8850 by June 19, 2012. For veterans hired after May 22, 2012, the 28-day rule will once again apply.

To determine if your business or tax-exempt organization qualifies for the WOTC, or for assistance in claiming the expanded WOTC, contact Gammon & Grange, P.C. at (703) 761-5000.

© 2012 Gammon & Grange, P.C. For more information, contact Gammon & Grange, P.C. (GGAlert@gg-law.com; 703-761-5000), a law firm serving nonprofit organizations and businesses throughout the United States and abroad. Readers may freely copy and distribute this Alert **in full without modification**.

Disclaimer: This memo is provided for general information purposes only and is not a substitute for legal advice. The transmission of this memo does not create an attorney/client relationship. No recipients of this memo should act or refrain from acting on the basis of this memo without seeking professional legal counsel. Gammon & Grange, P.C. expressly disclaims all liability relating to actions taken or not taken based on the content of this memo.