


The Work Opportunity Tax Credit (WOTC): An Employer-Friendly Benefit for Hiring Veterans Most in Need of Employment

The Vow to Hire Heroes Act of 2011 (P.L. 112-56)

NEW! On November 21, 2011, President Obama signed into law the *Vow to Hire Heroes Act of 2011*. Section 261 of the Act, the “Returning Heroes and Wounded Warriors Work Opportunity Tax Credits,” amends and expands the definition of WOTC’s Veteran target groups. The changes and new provisions in this Act apply to individuals who begin to work for an employer the day after its enactment, November 22, 2011, and before January 1, 2013.

The Vow to Hire Heroes Act of 2011 includes the following provisions:

- Extended the current target group for Veterans receiving Supplemental Nutrition Assistance Program (SNAP) benefits with the same qualified wages cap¹ (\$6,000) and maximum tax credit (\$2,400).
 - Extended the current target group for Veterans with a service-connected disability with the same qualified wages cap (\$12,000) and maximum tax credit (\$4,800).
 - Extended the current target group for Veterans with a service-connected disability unemployed for at least 6 months with the qualified wages cap increased to \$24,000 and the maximum tax credit increased to \$9,600.
 - Established two new categories for unemployed Veterans, similar to the Recovery Act of 2009 unemployed Veteran group that expired on December 31, 2010:
 - ✓ *Veterans unemployed for at least 4 weeks with a qualified wages cap of \$6,000 and a maximum tax credit of \$2,400.*
 - ✓ *Veterans unemployed for at least 6 months with qualified wages cap of \$14,000 and a maximum tax credit of \$5,600.*
- Note.** The 5-year period ending on the hiring day requirement that was part of the Recovery Act unemployed veteran group was rescinded.
- Qualified “tax-exempt” (i.e., 501(c)) organizations can now participate by hiring qualified veterans and are now eligible to claim the WOTC.
 - These provisions became effective the day after the President signed the *Vow to Hire Heroes Act* into law, i.e., November 22, 2011 through December 31, 2012.
 - The *Vow to Hire Heroes Act* did not extend any of the non-Veteran WOTC target groups or the Empowerment Zones, which expired on December 31, 2011. (See TEGL 15-11 for SWAs’ and employer’s activities during the current hiatus). **Visit IRS’s website at: www.irs.gov to obtain Notice 2012-13 with information on filing transition relief dates.**

¹ For Veterans’ target groups, WOTC is based on qualified wages paid to the employee for the first year of employment. The tax credit is 25% of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours, and 40% for those employed 400 hours or more.