

Wisconsin Veteran Employment Credit Fact Sheet 1112

Revision in progress

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This fact sheet provides a general overview of the Wisconsin veteran employment credit.

1. What is the purpose of the credit?

This credit is available to businesses who have hired certain disabled veterans.

2. Who can claim the credit?

You can claim the credit if you are a:

- Corporation,
- Sole proprietor,
- Partner in a partnership,
- Member of a limited liability company (LLC),
- Shareholder of a tax-option (S) corporation, or
- Beneficiary of a trust or estate.

The following entities calculate the credit based on their business operations and then may pass the credit through to their partners, members, or shareholders based on their ownership interest:

- Partnerships,
- LLCs treated as partnerships, and
- Tax-option (S) corporations.

Trusts and estates may pass the credit through to their beneficiaries based on the income allocable to each.

3. In what years can you claim the credit?

You can claim the credit for taxable years beginning on or after January 1, 2012.

4. Credit Amount

For each qualifying veteran hired for a full-time job, the credit is \$4,000 in the taxable year in which the veteran is hired and \$2,000 in each of the next three taxable years.

For each qualifying veteran hired for a part-time job, the credit is up to \$2,000 in the taxable year in which the veteran is hired and up to \$1,000 in each of the next three taxable years.

In addition, the veteran must not have voluntarily or involuntarily left his or her employment with the employer during the taxable year for which the employer is computing the credit. That is, if the veteran leaves employment during the taxable year for any reason, the employer cannot compute the credit based on that veteran.

Specific definitions and limitations apply to this credit; see the questions below for further explanation.

5. Do all veterans qualify?

No. The veteran must meet all of the following requirements:

- The veteran must have served on active duty under honorable conditions as verified by the Wisconsin Department of Veteran Affairs,
- The veteran must have a service-connected disability rating of at least 50 percent as verified by the Wisconsin Department of Veteran Affairs, and
- The veteran must have received unemployment compensation benefits for at least one week prior to being hired, was receiving those benefits at the time he or she was hired, and was eligible for those benefits at the time the benefits were paid.

To request verification of eligibility from the Wisconsin Department of Veterans Affairs (WDVA), the employer and veteran must both complete [Form WDVA 2640, Certification Request for Veteran Employment Credit](#). Upon completion, the form should be returned to WDVA using the mailing address listed on the form. If you have questions about this form or the verification process, you can contact WDVA's [Benefits Resource Center](#).

6. What full-time jobs qualify for the credit?

A full-time job means a regular, nonseasonal position in which an individual, as a condition of employment, is

required to work at least 2,080 hours per year, including paid leave and holidays.

This definition is consistent with other Wisconsin tax deductions and credits, such as the job creation deduction and the enterprise zone, development zone, and enterprise zone jobs credits.

7. What part-time jobs qualify for the credit?

A part-time job means a regular, nonseasonal position in which an individual, as a condition of employment, is required to work less than 2080 hours per year, including paid leave and holidays.

8. How is the credit prorated for part-time jobs?

For each qualifying veteran hired for a part-time job, the credit is up to \$2,000 in the taxable year in which the veteran is hired and up to \$1,000 in each of the next three taxable years. These amounts are prorated by the number of hours that the veteran worked in the taxable year divided by 2080.

For example, for the taxable year of March 1, 2012, through February 28, 2013, Corporation A hires a qualifying veteran for a part-time job which otherwise qualifies for the credit. The veteran works 1040 hours during the taxable year. Corporation A computes a credit of \$1,000 ($\$2,000 \times (1040 \text{ hours}/2080)$).

9. Is the credit considered income?

The amount of credit that you compute is income and must be reported as income on your Wisconsin franchise or income tax return. This addition to income applies even if you cannot use the full amount of credit computed and must carry part of it forward to subsequent years.

10. Is the credit refundable or nonrefundable?

The credit is nonrefundable.

11. Can you carry unused credit to future years?

Yes. If you do not use the entire credit against Wisconsin franchise or income taxes due for the current taxable year, you can carry any unused balance forward for up to fifteen years.

12. Can you use the credit to offset alternative minimum tax?

No. You cannot offset alternative minimum tax with the credit.

13. Can you use the credit to offset the economic development surcharge?

No. You cannot offset the economic development surcharge with the credit.

14. When must you claim the credit?

You must claim the credit within four years of the unextended due date of your tax return.

15. What schedule is used to claim the credit?

Wisconsin Schedule VE, *Veteran Employment Credit*, will be used by employers to claim the credit. The schedule will be posted on the department's web site by December 1, 2012.

The schedule must be included with your Wisconsin franchise or income tax return.

16. A corporation files as a member in a combined group. Can it share its credit with other members?

No. The credit can only offset the Wisconsin franchise or income tax due of the corporation that generated it.

17. When was this credit created?

This credit was created by 2011 Wisconsin Act 212, effective for taxable years beginning on or after January 1, 2012.

Nothing in this fact sheet replaces or changes any provisions of Wisconsin tax law, administrative rules, or court decisions.

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