

Instructions for 2012 Schedule VE

GENERAL INSTRUCTIONS

Purpose of Schedule VE

Use Schedule VE to claim the veteran employment credit. The credit is first available for taxable years beginning after December 31, 2011.

Who is Eligible to Claim the Credit

Any individual, estate, trust, partnership, limited liability company (LLC), corporation, tax option (S) corporation, insurance company, or tax-exempt organization may be eligible for the credit. The credit is available to an employer for each disabled veteran hired in the taxable year to work a full-time or part-time job at the employer's business in Wisconsin.

Partnerships, LLCs treated as partnerships, and tax-option (S) corporations cannot claim the credit; instead the credit flows through to the partners, members, or shareholders based on their ownership interests.

Estates and trusts share the credit with their beneficiaries in proportion to the income allocable to each.

Definitions

"Disabled veteran" means a veteran who is verified by the Wisconsin Department of Veteran Affairs to have a service-connected disability rating of at least 50 percent under 38 USC 1114 or 1134.

"Full-time job" means a regular, nonseasonal full-time 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.

"Part-time job" means a regular, nonseasonal part-time position in which an individual, as a condition of employment, is required to work fewer than 2,080 hours per year, including paid leave and holidays.

"Veteran" means a person who is verified by the Wisconsin Department of Veteran Affairs to have served on active duty under honorable conditions in the U.S. armed forces, in forces incorporated as part of the U.S. armed forces, in the National Guard, or in a reserve component of the U.S. armed forces.

Limitations

- No credit may be claimed in any taxable year in which the disabled veteran voluntarily or involuntarily leaves employment with the claimant.
- The credit is available only for hiring a disabled veteran who has received unemployment compensation benefits for at least one week prior to being hired, who was receiving such benefits at the time that he or she was hired, and who was eligible to receive such benefits at the time the benefits were paid.
- The maximum credit for each disabled veteran hired to work a full-time job is \$4,000 in the taxable year in which the veteran is hired and \$2,000 in each of the next three taxable years.
- The credit for each disabled veteran hired to work a part-time job is \$2,000 in the taxable year in which the veteran is hired and \$1,000 in each of the next three taxable years. These amounts must be prorated based on the ratio of the number of hours that the disabled veteran worked for the claimant during the taxable year to 2,080.
- The credit must be claimed within four years of the unextended due date of the tax return.
- In order to claim the credit, the employer must have received confirmation of the veteran's eligibility from the Wisconsin Department of Veterans Affairs (WDVA). To obtain this confirmation, after the veteran is hired, both the employer and veteran must complete and sign the appropriate sections of WDVA Form 2640, *Certification Request for Veteran Employment Credit*. Form 2640 is available from the WDVA web site at www.WisVets.com/Forms.

By completing this form, the veteran is authorizing the WDVA to release the required information to the employer. The completed certification request should be mailed to:

Department of Veterans Affairs
PO Box 7843
Madison, WI 53707-7843

If the veteran is an eligible veteran, the WDVA will mail confirmation to the employer. The employer may not claim the credit unless the confirmation of the veteran's eligibility has been received from the WDVA. Employers should keep a copy of the certification request and the confirmation with their records.

Credit is Income

The credit that you compute on Schedule VE is income and must be reported on your Wisconsin franchise or income tax return in the year computed.

Carryforward of Unused Credits

The veteran employment credit is nonrefundable. Any unused credit may be carried forward for up to 15 years.

If there is a reorganization of a corporation claiming the veteran employment credit, the limitations provided by Internal Revenue Code section 383 may apply to the carryover of any unused credit.

SPECIFIC INSTRUCTIONS

Line 1 Enter the number of qualified disabled veterans hired in the taxable year to work full-time at your business in Wisconsin. The veteran must meet the definition of "disabled veteran," as certified by WDVA, and (1) received unemployment compensation benefits for a least one week prior to being hired, (2) was receiving such benefits at the time he or she was hired, and (3) was eligible to receive such benefits at the time the benefits were paid.

Line 4 Complete the worksheet on page 2 of Schedule VE to determine your credit for hiring a qualified disabled veteran to work part-time at your business in Wisconsin.

Line 7 Fill in the amount of veteran employment credit passed through from tax-option (S) corporations, partnerships, LLCs treated as partnerships, and estates, or trusts. The pass-through credit is shown on Schedule 5K-1 for shareholders of tax-option (S) corporations, Schedule 3K-1 for partners and LLC members, and Schedule 2K-1 for beneficiaries of estates or trusts.

Line 8 Enter the amount of credit from line 8 on the appropriate form or schedule as follows:

- Corporations that are members of a combined group: Enter the amount of credit on Form 4M.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships: Prorate the amount of credit on line 8 among the shareholders, partners, or members based on their ownership interest. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.
- Fiduciaries – Complete lines 8a and 8b.
- All others: Enter the amount of credit on line 5 of Schedule CR.

Line 8a *Fiduciaries* – Prorate the credit from line 8 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 8a. Show the credit for each beneficiary on Schedule 2K-1.

Line 8b Subtract line 8a from line 8. This is the estate's or trust's portion of the credit. Fill in here and on line 5 of Schedule CR.

Required Attachment to Return

File your completed Schedule VE (including worksheets from page 2 of Schedule VE) with your Wisconsin franchise or income tax return. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, and beneficiaries of estates or trusts must file a copy of Schedule 5K-1, 3K-1, or 2K-1, as appropriate, with Schedule VE. Employers must keep all required certifications relating to the veterans for their records.

Additional Information

For more information, you may contact any Department of Revenue office or:

- Call (608) 266-2772
- E-mail your question to: corp@revenue.wi.gov.