

112TH CONGRESS
1ST SESSION

H. R. 781

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for hiring veterans.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 2011

Mr. McCOTTER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for hiring veterans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Veterans’ Employment
5 Transition Support Act of 2011” or the “VETS Act of
6 2011”.

7 **SEC. 2. CREDIT FOR EMPLOYERS HIRING VETERANS.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45S. CREDIT FOR EMPLOYERS HIRING VETERANS.**

4 “(a) GENERAL RULE.—For purposes of section 38,
5 the military service personnel employment credit for the
6 taxable year shall be equal to—

7 “(1) in the case of a qualified veteran, 40 per-
8 cent of the qualified first-year wages with respect to
9 such veteran for such year, and

10 “(2) in the case of a qualified disabled veteran,
11 the applicable percentage of the qualified first-year
12 wages with respect to such veteran for such year.

13 “(b) VETERAN TAKEN INTO ACCOUNT ONLY
14 ONCE.—No credit shall be determined under subsection
15 (a) with respect to any veteran unless such veteran has
16 elected (in such form and manner as the Secretary may
17 require) to have his qualified first-year wages taken into
18 account with respect to the employer paying such wages.
19 A veteran may make only one election under this sub-
20 section. The Secretary shall require such reporting as the
21 Secretary determines is necessary to carry out the pur-
22 poses of this subsection.

23 “(c) QUALIFIED WAGES.—For purposes of this sec-
24 tion—

1 “(1) IN GENERAL.—The term ‘qualified wages’
2 means, with respect to any individual, the wages
3 paid or incurred by the employer during the taxable
4 year to such individual.

5 “(2) QUALIFIED FIRST-YEAR WAGES.—The
6 term ‘qualified first-year wages’ means, with respect
7 to any individual, qualified wages attributable to
8 service rendered during the 1-year period beginning
9 with the day the individual begins work for the em-
10 ployer.

11 “(3) WAGES.—The term ‘wages’ has the mean-
12 ing given such term by section 51(c), without regard
13 to paragraph (4) thereof.

14 “(d) QUALIFIED VETERAN; HIRING DATE.—For pur-
15 poses of this section—

16 “(1) QUALIFIED VETERAN.—The term ‘quali-
17 fied veteran’ means any individual who is certified
18 by the designated local agency (as defined in section
19 51(d)(11)) as being a veteran (as defined in section
20 51(d)(3)(B)).

21 “(2) HIRING DATE.—The term ‘hiring date’ has
22 the meaning given such term by section 51(d).

23 “(e) QUALIFIED DISABLED VETERAN; APPLICABLE
24 PERCENTAGE.—

1 “(1) IN GENERAL.—The term ‘qualified dis-
 2 abled veteran’ means any qualified veteran who is
 3 certified by the designated local agency (as defined
 4 in section 51(d)(11)) as having a disability that has
 5 been determined under the laws administered by the
 6 Secretary of Veterans Affairs to be service-connected
 7 and that is rated by such Secretary (as of the date
 8 of the certification) as 10 percent or more disabling.

9 “(2) APPLICABLE PERCENTAGE.—The term
 10 ‘applicable percentage’ means the percentage deter-
 11 mined in accordance with the following table:

“Percentage of disability:	Applicable percentage:
At least 10 but not over 20	41
At least 20 but not over 30	42
At least 30 but not over 40	43
At least 40 but not over 50	44
At least 50 but not over 60	45
At least 60 but not over 70	46
At least 70 but not over 80	47
At least 80 but not over 90	48
At least 90 but not over 100	49
100 percent	50.

12 “(f) CERTAIN RULES TO APPLY.—Rules similar to
 13 the rules of section 52, and subsections (d)(11), (f), (g),
 14 (i) (as in effect on the day before the date of the enact-
 15 ment of the Taxpayer Relief Act of 1997), (j), and (k)
 16 of section 51, shall apply for purposes of this section.

17 “(g) COORDINATION WITH WORK OPPORTUNITY
 18 CREDIT.—The credit allowed under this section with re-
 19 spect to any qualified first-year wages shall be in addition

1 to any credit allowed under section 51 with respect to such
2 wages.”.

3 (b) CREDIT TO BE PART OF GENERAL BUSINESS
4 CREDIT.—Subsection (b) of section 38 of such Code is
5 amended by striking “plus” at the end of paragraph (35),
6 by striking the period at the end of paragraph (36) and
7 inserting “, plus”, and by adding at the end the following
8 new paragraph:

9 “(37) the military service personnel employment
10 credit determined under section 45S(a).”.

11 (c) TECHNICAL AMENDMENTS.—

12 (1) Clause (iii) of section 41(b)(2)(D) of such
13 Code is amended to read as follows:

14 “(iii) EXCLUSION FOR WAGES TO
15 WHICH EMPLOYMENT CREDITS APPLY.—
16 The term ‘wages’ shall not include any
17 amount taken into account in determining
18 the credit under section 45S(a) or 51(a).”.

19 (2) Subparagraph (B) of section 45A(b)(1) of
20 such Code is amended to read as follows:

21 “(B) COORDINATION WITH OTHER EM-
22 PLOYMENT CREDITS.—The term ‘qualified
23 wages’ shall not include wages attributable to
24 service rendered during the 1-year period begin-
25 ning with the day the individual begins work for

1 the employer if any portion of such wages is
2 taken into account in determining the credit
3 under section 45S or 51.”.

4 (3) Subsection (a) of section 280C of such Code
5 is amended by inserting “45S(a),” after “45A(a),”.

6 (4) Paragraph (3) of section 1396(c) of such
7 Code is amended to read as follows:

8 “(3) COORDINATION WITH OTHER EMPLOY-
9 MENT CREDITS.—

10 “(A) IN GENERAL.—The term ‘qualified
11 wages’ shall not include wages taken into ac-
12 count in determining the credit under section
13 45S or 51.

14 “(B) COORDINATION WITH PARAGRAPH
15 (2).—The \$15,000 amount in paragraph (2)
16 shall be reduced for any calendar year by the
17 amount of wages paid or incurred during such
18 year which are taken into account in deter-
19 mining the credit under section 45S or 51.”.

20 (d) CLERICAL AMENDMENT.—The table of sections
21 for subpart D of part IV of subchapter A of chapter 1
22 of such Code is amended by adding at the end the fol-
23 lowing new item:

“Sec. 45S. Credit for employers hiring veterans.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to individuals who begin work for
3 the employer after the date of the enactment of this Act.

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