

111TH CONGRESS  
1ST SESSION

# H. R. 1647

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2009

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

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## 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 2009” or the “VETS Act of  
6       2009”.

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 (relating to business-related credits) is amended by  
2 adding at the end the following new section:

3 **“SEC. 45R. 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:

<b>“Percentage of disability:</b>	<b>Applicable percentage:</b>
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 (34),  
6 by striking the period at the end of paragraph (35) and  
7 inserting “, plus”, and by adding at the end the following  
8 new paragraph:

9 “(36) the military service personnel employment  
10 credit determined under section 45R(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 45R(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 45R or 51.”.

4 (3) Subsection (a) of section 280C of such Code  
 5 is amended by inserting “45R(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 45R 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 credits under sections 45R and  
 20 51.”.

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

“Sec. 45R. 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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