

112TH CONGRESS
2D SESSION

H. R. 5845

To amend the Internal Revenue Code of 1986 to extend the work opportunity tax credit for veterans and to allow an exemption from an employer's employment taxes in an amount equivalent to the value of such credit.

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2012

Mr. POE of Texas (for himself, Mr. CARNAHAN, and Ms. BUERKLE) 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 extend the work opportunity tax credit for veterans and to allow an exemption from an employer's employment taxes in an amount equivalent to the value of such credit.

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 Back to Work
5 Act of 2012”.

1 **SEC. 2. EXTENSION AND IMPROVEMENT OF WORK OPPOR-**
2 **TUNITY TAX CREDIT FOR VETERANS.**

3 (a) EXTENSION OF CREDIT FOR VETERANS.—Clause
4 (i) of section 51(c)(4)(B) of the Internal Revenue Code
5 of 1986 is amended by striking “December 31, 2012” and
6 inserting “December 31, 2013”.

7 (b) ELECTION TO CLAIM CREDIT AS EXEMPTION
8 FROM EMPLOYMENT TAXES.—

9 (1) IN GENERAL.—Section 3111 of the Internal
10 Revenue Code of 1986 is amended by adding at the
11 end the following new subsection:

12 “(e) SPECIAL EXEMPTION FOR CERTAIN VET-
13 ERANS.—

14 “(1) IN GENERAL.—Subsection (a) shall not
15 apply to wages paid by a qualified employer with re-
16 spect to employment during the period beginning on
17 the day after the date of the enactment of this sub-
18 section and ending on December 31, 2013, of any
19 specified veteran for services performed—

20 “(A) in a trade or business of such quali-
21 fied employer, or

22 “(B) in the case of a qualified employer ex-
23 empt from tax under section 501(a), in further-
24 ance of the activities related to the purpose or
25 function constituting the basis of the employer’s
26 exemption under section 501.

1 “(2) LIMITATION.—With respect to any speci-
2 fied veteran employed by a qualified employer, the
3 amount of wages to which paragraph (1) applies
4 shall not exceed—

5 “(A) \$125,490 in the case of an individual
6 who is a qualified veteran by reason of section
7 51(d)(3)(A)(ii)(II),

8 “(B) \$73,203 in the case of an individual
9 who is a qualified veteran by reason of section
10 51(d)(3)(A)(iv),

11 “(C) \$62,745 in the case of an individual
12 who is a qualified veteran by reason of section
13 51(d)(3)(A)(ii)(I), and

14 “(D) \$31,373 in the case of any other
15 qualified veteran.

16 “(3) QUALIFIED EMPLOYER.—For purposes of
17 this subsection—

18 “(A) IN GENERAL.—The term ‘qualified
19 employer’ means any employer other than the
20 United States, any State, or any political sub-
21 division thereof, or any instrumentality of the
22 foregoing.

23 “(B) TREATMENT OF EMPLOYEES OF
24 POST-SECONDARY EDUCATIONAL INSTITU-
25 TIONS.—Notwithstanding subparagraph (A),

1 the term ‘qualified employer’ includes any em-
2 ployer which is a public institution of higher
3 education (as defined in section 101(b) of the
4 Higher Education Act of 1965).

5 “(4) SPECIFIED VETERAN.—For purposes of
6 this subsection—

7 “(A) IN GENERAL.—The term ‘specified
8 veteran’ means any individual who—

9 “(i) begins employment with a quali-
10 fied employer after the date of the enact-
11 ment of this subsection, and before Janu-
12 ary 1, 2014,

13 “(ii) certifies by signed affidavit,
14 under penalties of perjury, that such indi-
15 vidual is a qualified veteran and whether
16 such individual is a qualified veteran de-
17 scribed in subparagraph (A), (B), or (C) of
18 paragraph (2),

19 “(iii) is not employed by the qualified
20 employer to replace another employee of
21 such employer unless such other employee
22 separated from employment voluntarily or
23 for cause, and

24 “(iv) is not an individual described in
25 section 51(i)(1) (applied by substituting

1 ‘qualified employer’ for ‘taxpayer’ each
2 place it appears).

3 “(B) QUALIFIED VETERAN.—The term
4 ‘qualified veteran’ has the meaning given such
5 term by section 51(d)(3), but applied without
6 regard to whether such individual has been cer-
7 tified by the designated local agency.

8 “(5) ELECTION.—A qualified employer may
9 elect to have this subsection not apply. Such election
10 shall be made in such manner as the Secretary may
11 require.”.

12 (2) COORDINATION WITH WORK OPPORTUNITY
13 CREDIT.—Section 51(c) of such Code is amended by
14 adding at the end the following new paragraph:

15 “(6) COORDINATION WITH PAYROLL TAX EX-
16 EMPTION FOR QUALIFIED VETERANS.—The credit
17 determined under this section with respect to any
18 qualified veteran for any taxable year shall be re-
19 duced by an amount equal to 7.65 percent of the
20 qualified first-year wages paid or incurred by the
21 taxpayer to such veteran during such taxable year to
22 which section 3111(e) applied.”.

23 (3) TRANSFERS TO FEDERAL OLD-AGE AND
24 SURVIVORS INSURANCE TRUST FUND.—There are
25 hereby appropriated to the Federal Old-Age and

1 Survivors Trust Fund and the Federal Disability In-
2 surance Trust Fund established under section 201
3 of the Social Security Act (42 U.S.C. 401) amounts
4 equal to the reduction in revenues to the Treasury
5 by reason of the amendments made by paragraph
6 (1). Amounts appropriated by the preceding sen-
7 tence shall be transferred from the general fund at
8 such times and in such manner as to replicate to the
9 extent possible the transfers which would have oc-
10 curred to such Trust Fund had such amendments
11 not been enacted.

12 (4) APPLICATION TO RAILROAD RETIREMENT
13 TAXES.—

14 (A) IN GENERAL.—Section 3221 of the In-
15 ternal Revenue Code of 1986 is amended by re-
16 designating subsection (d) as subsection (e) and
17 by inserting after subsection (c) the following
18 new subsection:

19 “(d) SPECIAL EXEMPTION FOR CERTAIN VET-
20 ERANS.—

21 “(1) IN GENERAL.—In the case of compensa-
22 tion paid by a qualified employer during the period
23 beginning on the day after the date of the enactment
24 of this subsection and ending on December 31,
25 2013, with respect to having a specified veteran in

1 the employer's employ for services rendered to such
2 qualified employer, the applicable percentage under
3 subsection (a) shall be equal to the rate of tax in ef-
4 fect under section 3111(b) for the calendar year.

5 “(2) LIMITATION.—With respect to any speci-
6 fied veteran employed by a qualified employer, the
7 amount of compensation to which paragraph (1) ap-
8 plies shall not exceed—

9 “(A) \$125,490 in the case of an individual
10 who is a qualified veteran by reason of section
11 51(d)(3)(A)(ii)(II),

12 “(B) \$73,203 in the case of an individual
13 who is a qualified veteran by reason of section
14 51(d)(3)(A)(iv),

15 “(C) \$62,745 in the case of an individual
16 who is a qualified veteran by reason of section
17 51(d)(3)(A)(ii)(I), and

18 “(D) \$31,373 in the case of any other
19 qualified veteran.

20 “(3) QUALIFIED EMPLOYER.—The term ‘quali-
21 fied employer’ means any employer other than the
22 United States, any State, or any political subdivision
23 thereof, or any instrumentality of the foregoing.

24 “(4) SPECIFIED VETERAN.—For purposes of
25 this subsection—

1 “(A) IN GENERAL.—The term ‘specified
2 veteran’ means any individual who—

3 “(i) begins employment with a quali-
4 fied employer after the date of the enact-
5 ment of this subsection, and before Janu-
6 ary 1, 2014,

7 “(ii) certifies by signed affidavit,
8 under penalties of perjury, that such indi-
9 vidual is a qualified veteran and whether
10 such individual is a qualified veteran de-
11 scribed in subparagraph (A), (B), or (C) of
12 paragraph (2),

13 “(iii) is not employed by the qualified
14 employer to replace another employee of
15 such employer unless such other employee
16 separated from employment voluntarily or
17 for cause, and

18 “(iv) is not an individual described in
19 section 51(i)(1) (applied by substituting
20 ‘qualified employer’ for ‘taxpayer’ each
21 place it appears).

22 “(B) QUALIFIED VETERAN.—The term
23 ‘qualified veteran’ has the meaning given such
24 term by section 51(d)(3), but applied without

1 regard to whether such individual has been cer-
 2 tified by the designated local agency.

3 “(5) ELECTION.—A qualified employer may
 4 elect to have this subsection not apply. Such election
 5 shall be made in such manner as the Secretary may
 6 require.”.

7 (B) TRANSFERS TO SOCIAL SECURITY
 8 EQUIVALENT BENEFIT ACCOUNT.—There are
 9 hereby appropriated to the Social Security
 10 Equivalent Benefit Account established under
 11 section 15A(a) of the Railroad Retirement Act
 12 of 1974 (45 U.S.C. 231n–1(a)) amounts equal
 13 to the reduction in revenues to the Treasury by
 14 reason of the amendments made by subpara-
 15 graph (A). Amounts appropriated by the pre-
 16 ceding sentence shall be transferred from the
 17 general fund at such times and in such manner
 18 as to replicate to the extent possible the trans-
 19 fers which would have occurred to such Account
 20 had such amendments not been enacted.

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to amounts paid after the date of
 23 the enactment of this Act.

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