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Tax Credit, Expanded Under the American Recovery and Reinvestment Act, Benefits Businesses that Hire Vets

Washington, DC – Rep. Ben Ray Luján is encouraging businesses to take advantage of a tax credit, expanded under the American Recovery and Reinvestment Act, that rewards businesses that hire returning veterans. Last week, Rep. Luján sent a letter to each Chamber of Commerce in the Third Congressional District, encouraging them to inform their membership about the credit and offering them support for outreach.

“One little-discussed aspect of our economic troubles is the impact that the recession is having on veterans returning home from Iraq and Afghanistan,” said Rep. Luján. “Throughout New Mexico, our brave men and women are coming home to find challenging economic conditions and few opportunities. For veterans between the ages of 18 and 24, the unemployment rate was over 14.1 percent in 2008. This is a troubling problem, but local businesses can become part of the solution by using a recently expanded tax credit, the Work Opportunity Tax Credit, to employ recently returning veterans.”

The Work Opportunity Tax Credit makes it easier for businesses to get by in these difficult economic times, while employing a committed and ready workforce of veterans. According to the Internal Revenue Service, the tax credit applies to businesses that hire unemployed veterans in 2009 and 2010. The credit applies to veterans who begin work for the employer after December 31, 2008. For eligible unemployed veterans hired during the first part of 2009, businesses have until August 17 to request the required worker certification necessary to claim the newly-expanded Work Opportunity Tax Credit. Certification by the state work force agency is required.

For businesses to qualify for this tax credit, the hired veterans must have separated from the military in the last five years and must have spent at least four weeks of the previous year on unemployment. In return for hiring returning soldiers, businesses may write off--on their business taxes--40 percent of the first \$6,000 paid to hired veterans.

“The Work Opportunity Tax Credit encourages businesses to hire returning veterans, which provides businesses with a well-qualified and proven workforce,” said Rep. Luján. “At the same time, veterans are provided with the opportunities they need when they return home. I encourage businesses to learn more about this important tax credit and consider using it to employ returning veterans.”

For more information on the expanded Work Opportunity Tax Credit, visit the [IRS's web site](#) .