

114TH CONGRESS
1ST SESSION

H. R. 1803

To amend the Internal Revenue Code of 1986 to make permanent 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 case of veterans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2015

Mr. POE of Texas 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 make permanent 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 case of 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 Back to Work
5 Act of 2015".

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

3 (a) CREDIT MADE PERMANENT FOR VETERANS.—
4 Section 51(c)(4) of the Internal Revenue Code of 1986
5 is amended by inserting “(other than a qualified veteran)”
6 after “an individual”.

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

14 “(1) IN GENERAL.—Subsection (a) shall not
15 apply to first-year wages paid after the date of the
16 enactment of this subsection by a qualified employer
17 with respect to employment of any specified veteran
18 for services performed—

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

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

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

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

23 “(iv) is not an individual described in
24 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) FIRST-YEAR WAGES.—For purposes of this
9 subsection, the term ‘first-year wages’ means, with
10 respect to any individual, wages for services ren-
11 dered during the 1-year period beginning with the
12 day the individual begins work for the employer.

13 “(6) COORDINATION WITH CREDIT FOR EM-
14 PLOYMENT OF QUALIFIED VETERANS BY QUALIFIED
15 TAX-EXEMPT ORGANIZATIONS.—This subsection
16 shall not apply with respect to the first-year wages
17 of any individual if such wages are taken into ac-
18 count in determining the credit allowed under sub-
19 section (e).

20 “(7) ELECTION.—A qualified employer may
21 elect to have this subsection not apply with respect
22 to the first-year wages of any individual. Such elec-
23 tion shall be made in such manner as the Secretary
24 may require.”.

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

4 “(6) COORDINATION WITH PAYROLL TAX EX-
5 EMPTION FOR QUALIFIED VETERANS.—The credit
6 determined under this section with respect to any
7 qualified veteran for any taxable year shall be re-
8 duced by an amount equal to 7.65 percent of the
9 qualified first-year wages paid or incurred by the
10 taxpayer to such veteran during such taxable year to
11 which section 3111(e) or 3221(d) applied.”.

12 (3) COORDINATION WITH CREDIT FOR EMPLOY-
13 MENT OF QUALIFIED VETERANS BY QUALIFIED TAX-
14 EXEMPT ORGANIZATIONS.—Section 3111(e) of such
15 Code is amended by adding at the end the following
16 new paragraph:

17 “(6) ELECTION.—

18 “(A) IN GENERAL.—A qualified tax-ex-
19 empt organization may elect to determine the
20 credit allowed under this section without regard
21 to the qualified first-year wages of any indi-
22 vidual.

23 “(B) COORDINATION WITH EXEMPTION
24 FOR FIRST-YEAR WAGES OF SPECIFIED VET-
25 ERANS.—For exemption for first-year wages of

1 specified veterans to which this subsection does
2 not apply, see subsection (f).”.

3 (4) TRANSFERS TO FEDERAL OLD-AGE AND
4 SURVIVORS INSURANCE TRUST FUND.—There are
5 hereby appropriated to the Federal Old-Age and
6 Survivors Trust Fund and the Federal Disability In-
7 surance Trust Fund established under section 201
8 of the Social Security Act (42 U.S.C. 401) amounts
9 equal to the reduction in revenues to the Treasury
10 by reason of the amendments made by paragraph
11 (1). Amounts appropriated by the preceding sen-
12 tence shall be transferred from the general fund at
13 such times and in such manner as to replicate to the
14 extent possible the transfers which would have oc-
15 curred to such Trust Fund had such amendments
16 not been enacted.

17 (5) APPLICATION TO RAILROAD RETIREMENT
18 TAXES.—

19 (A) IN GENERAL.—Section 3221 of the In-
20 ternal Revenue Code of 1986 is amended by re-
21 designating subsection (d) as subsection (e) and
22 by inserting after subsection (c) the following
23 new subsection:

24 “(d) SPECIAL EXEMPTION FOR CERTAIN VET-
25 ERANS.—

1 “(1) IN GENERAL.—In the case of first-year
2 compensation paid by a qualified employer after the
3 date of the enactment of this subsection with respect
4 to having a specified veteran in the employer’s em-
5 ploy for services rendered to such qualified employer,
6 the applicable percentage under subsection (a) shall
7 be equal to the rate of tax in effect under section
8 3111(b) for the calendar year.

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

13 “(A) \$125,490 in the case of an individual
14 who is a qualified veteran by reason of section
15 51(d)(3)(A)(ii)(II),

16 “(B) \$73,203 in the case of an individual
17 who is a qualified veteran by reason of section
18 51(d)(3)(A)(iv),

19 “(C) \$62,745 in the case of an individual
20 who is a qualified veteran by reason of section
21 51(d)(3)(A)(ii)(I), and

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

24 “(3) QUALIFIED EMPLOYER.—The term ‘quali-
25 fied employer’ means any employer other than the

1 United States, any State, or any political subdivision
2 thereof, or any instrumentality of the foregoing.

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

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

7 “(i) begins employment with a quali-
8 fied employer after the date of the enact-
9 ment of this subsection,

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

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

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

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

6 “(5) FIRST-YEAR COMPENSATION.—For pur-
7 poses of this subsection, the term ‘first-year com-
8 pensation’ means, with respect to any individual,
9 compensation for services rendered during the 1-year
10 period beginning with the day the individual begins
11 work for the employer.

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

16 (B) TRANSFERS TO SOCIAL SECURITY
17 EQUIVALENT BENEFIT ACCOUNT.—There are
18 hereby appropriated to the Social Security
19 Equivalent Benefit Account established under
20 section 15A(a) of the Railroad Retirement Act
21 of 1974 (45 U.S.C. 231n-1(a)) amounts equal
22 to the reduction in revenues to the Treasury by
23 reason of the amendments made by subpara-
24 graph (A). Amounts appropriated by the pre-
25 ceding sentence shall be transferred from the

1 general fund at such times and in such manner
2 as to replicate to the extent possible the trans-
3 fers which would have occurred to such Account
4 had such amendments not been enacted.

5 (c) EFFECTIVE DATES.—

6 (1) IN GENERAL.—The amendments made by
7 subsection (a) shall apply to individuals who begin
8 work for the employer after December 31, 2014.

9 (2) EXEMPTION FROM EMPLOYMENT TAXES.—
10 The amendments made by subsection (b) shall apply
11 to amounts paid after the date of the enactment of
12 this Act.

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