

## **HIRE Retention Credit** (for workers hired after February 3, 2010 and before January 1, 2011)

The HIRE retention credit is a general business credit to encourage retention of new hires and will be claimed on the employers income tax return. The amount of the credit is the lesser of \$1000 or 6.2 percent of wages paid by the employer to the retained qualified employee during the 52 consecutive week period. The qualified employees wages for such employment during the last 26 weeks must equal at least 80% of wages for the first 26 weeks.

Calendar Taxpayers - Calendar year taxpayers are not eligible to claim the New Hire Retention Credit (Form 5884-B) on their 2010 tax returns due to the 52 week retention period. **As a result, calendar year taxpayers are first eligible to claim the credit on their 2011 tax returns due April 15, 2012.**

Fiscal Year Taxpayers - For fiscal year filers, the earliest date to file a return claiming the credit would be fiscal years ending after February 3, 2011.

Please cut and paste the following link into your browser :

<http://www.irs.gov/businesses/small/article/0,,id=220747,00.html>

## **Small Business Health Care Tax Credit**

In general, the credit is available to small employers that pay at least half of the premiums for single health insurance coverage for their employees. It is specifically targeted to help small businesses and tax-exempt organizations that primarily employ moderate- and lower-income workers.

Small businesses can claim the credit for 2010 through 2013 and for any two years after that. For tax years 2010 to 2013, the maximum credit is 35 percent of premiums paid by eligible small businesses and 25 percent of premiums paid by eligible tax-exempt organizations. Beginning in 2014, the maximum tax credit will increase to 50 percent of premiums paid by eligible small business employers and 35 percent of premiums paid by eligible tax-exempt organizations.

The maximum credit goes to smaller employers — those with 10 or fewer full-time equivalent (FTE) employees — paying annual average wages of \$25,000 or less. The credit is completely phased out for employers that have 25 or more FTEs or that pay average wages of \$50,000 or more per year. Because the eligibility rules are based in part on the number of FTEs, not the number of employees, employers that use part-time workers may qualify even if they employ more than 25 individuals.

Please cut and paste the following link into your browser :

<http://www.irs.gov/newsroom/article/0,,id=231928,00.html>

<http://www.irs.gov/newsroom/article/0,,id=220839,00.html>

## **Work Opportunity Credit**

### Expanded Tax Credit for Hiring Unemployed Veterans

The work opportunity credit has been expanded to provide employers with new incentives to hire certain unemployed veterans.

On November 21, 2011, the President signed into law the VOW to Hire Heroes Act of 2011. This new law provides an expanded work opportunity tax credit to businesses that hire eligible unemployed veterans and for the first time also makes part of the credit available to tax-exempt organizations. Businesses claim the credit as part of the general business credit and tax-exempt organizations claim it against their payroll tax liability. The credit is available for eligible unemployed veterans who begin work on or after November 22, 2011, and before January 1, 2013. More information will be posted soon.

For the latest information about Form 5884 and its instructions, go to [www.irs.gov/form5884](http://www.irs.gov/form5884). For the latest information about Form 8850, go to [www.irs.gov/form8850](http://www.irs.gov/form8850).

Please cut and paste the following link into your browser :

<http://www.irs.gov/formspubs/article/0,,id=177948,00.html>

### **Returning Heroes and Wounded Warrior Tax Credits**

Under the Recovery Act, employers who hired certain unemployed veterans were eligible for a tax credit of up to 40 percent of the first \$6,000 of wages, for a maximum credit of \$2,400. This credit expired at the end of 2010.

On November 21, 2011, the President signed into law two new tax credits:

- The ***Returning Heroes Tax Credit*** is a new hiring tax credit that will provide an incentive for businesses to hire unemployed veterans.
  - ***Short-term unemployed***: A new credit of 40 percent of the first \$6,000 of wages (up to \$2,400) for employers who hire veterans who have been unemployed at least 4 weeks.
  - ***Long-term unemployed***: A new credit of 40 percent of the first \$14,000 of wages (up to \$5,600) for employers who hire veterans who have been unemployed longer than 6 months.
- The ***Wounded Warrior Tax Credit*** will double the existing tax credit for long-term unemployed veterans with service-connected disabilities.
  - Maintain the existing Work Opportunity Tax Credit for veterans with service-connected disabilities (currently the maximum is \$4,800).
  - A new credit of 40 percent of the first \$24,000 of wages (up to \$9,600) for firms that hire veterans with service-connected disabilities who have been unemployed longer than 6 months.

## **Connecticut Credits**

### **Job Expansion Tax Credit**

Connecticut businesses can be eligible for tax credits of \$500 per month for each new full-time job created. These credits will be available for each new employee hired between January 1, 2012 and prior to January 1, 2014 for period of three years. Must apply with the CT DECD. See link below.

Please see the next page for additional information on the CT Job Expansion Tax Credit.



## Job Expansion Tax Credit (JET)

### **Program Overview:**

Connecticut businesses can be eligible for tax credits of \$500 per month for each new full-time job created. If the new employee is receiving vocational rehabilitative services from the Bureau of Rehabilitative Services, receiving unemployment benefits, or is a veteran employee who, at the time of hiring by the taxpayer, is a member of, was honorably discharged from or released under honorable conditions from active service in the armed forces, then the tax credit is increased to \$900 per month.

These credits will be available for each new employee hired between January 1, 2012 and prior to January 1, 2014 for period of three years. The credit may be applied against the following taxes:

- Insurance premiums tax under chapter 207 of the general statutes
- Corporation business tax under chapter 208 of the general statutes
- Utilities company tax under chapter 212 of the general statutes
- Income tax under chapter 229 of the general statutes

Please see the process outlined below to apply for this credit.

***Note: An application must be completed and submitted to DECD before hiring new employees.***

### ***There are three thresholds to qualify for the credits:***

- Businesses with under 50 employees must hire at least one new full-time employee
- Businesses with 50 to 100 employees must hire at least five new full-time employees
- Businesses with over 100 employees must hire at least 10 new full-time employees

### **Application Process/Next Steps:**

- Eligibility Application is submitted by the applicant
- Eligibility Review is then conducted by DECD
- Tax Credit Eligibility Letter is submitted to the applicant
- DECD will provide the Applicant with the DECD Reporting Form JET-1 after the end of the Applicant's fiscal year
- Certificate of Eligibility is issued for tax credits earned based upon a net increase in jobs above the Applicant's baseline employment

To apply please complete and submit the [JET Application](#) located on [www.decd.org](http://www.decd.org). For additional information or questions please contact Lindy Lee Gold at (860) 270-8073 or via email at [Lindylee.gold@ct.gov](mailto:Lindylee.gold@ct.gov).