

**Public Law 112-56, November 21, 2011.**

**The Vow to Hire Heroes Act of 2011**

**Subtitle E—Other Matters**

**SEC. 261. RETURNING HEROES AND WOUNDED WARRIORS WORK OPPORTUNITY TAX CREDITS.**

(a) IN GENERAL.—Paragraph (3) of section 51(b) of the Internal Revenue Code of 1986 is amended by striking “(\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))” and inserting “(\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(I), \$14,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(iv), and \$24,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(II))”.

(b) RETURNING HEROES TAX CREDITS.—Subparagraph (A) of section 51(d)(3) of the Internal Revenue Code of 1986 is amended—

- (1) by striking “or” at the end of clause (i),
- (2) by striking the period at the end of clause (ii)(II), and
- (3) by adding at the end the following new clauses:

“(iii) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 4 weeks (but less than 6 months), or

“(iv) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.”.

(c) SIMPLIFIED CERTIFICATION.—Paragraph (13) of section 51(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) CREDIT FOR UNEMPLOYED VETERANS.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A), for purposes of paragraph (3)(A)—

“(I) a veteran will be treated as certified by the designated local agency as having aggregate periods of unemployment meeting the requirements of clause (ii)(II) or (iv) of such paragraph (whichever is applicable) if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 6 months during the 1-year period ending on the hiring date, and

“(II) a veteran will be treated as certified by the designated local agency as having aggregate periods of unemployment meeting the requirements of clause (iii) of such paragraph if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 4 weeks (but less than 6 months) during the 1-year period ending on the hiring date.

“(ii) REGULATORY AUTHORITY.—The Secretary may provide alternative methods for certification of a veteran as a qualified veteran described in clause (ii)(II), (iii), or (iv) of paragraph (3)(A), at the Secretary’s discretion.”.

(d) EXTENSION OF CREDIT.—Subparagraph (B) of section 51(c)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) after—

“(i) December 31, 2012, in the case of a qualified veteran, and  
“(ii) December 31, 2011, in the case of any other individual.”.

(e) CREDIT MADE AVAILABLE TO TAX-EXEMPT ORGANIZATIONS  
IN CERTAIN CIRCUMSTANCES.—

(1) IN GENERAL.—Subsection (c) of section 52 of the Internal Revenue Code of 1986 is amended—

(A) by inserting “(1) IN GENERAL.—” before “No credit”, and  
(B) by adding at the end the following new paragraph:

“(2) CREDIT MADE AVAILABLE TO QUALIFIED TAX-EXEMPT ORGANIZATIONS EMPLOYING QUALIFIED  
VETERANS.—For credit against payroll taxes for employment of qualified veterans by qualified  
tax-exempt organizations, see section 3111(e).”.

(2) CREDIT ALLOWABLE.—Section 3111 of such Code is amended by adding at the end the following new  
subsection:

“(e) CREDIT FOR EMPLOYMENT OF QUALIFIED VETERANS.—

“(1) IN GENERAL.—If a qualified tax-exempt organization hires a qualified veteran with respect to whom a  
credit would be allowable under section 38 by reason of section 51 if the organization were not a qualified  
tax-exempt organization, then there shall be allowed as a credit against the tax imposed by subsection (a)  
on wages paid with respect to employment of all employees of the organization during the applicable  
period an amount equal to the credit determined under section 51 (after application of the modifications  
under paragraph (3))with respect to wages paid to such qualified veteran during  
such period.

“(2) OVERALL LIMITATION.—The aggregate amount allowed as a credit under this subsection for all  
qualified veterans for any period with respect to which tax is imposed under subsection (a) shall not exceed  
the amount of the tax imposed by subsection (a) on wages paid with respect to employment  
of all employees of the organization during such period.

“(3) MODIFICATIONS.—For purposes of paragraph (1), section 51 shall be applied—

“(A) by substituting ‘26 percent’ for ‘40 percent’ in subsection (a) thereof,

“(B) by substituting ‘16.25 percent’ for ‘25 percent’ in subsection (i)(3)(A) thereof, and

“(C) by only taking into account wages paid to a qualified veteran for services in furtherance of the  
activities related to the purpose or function constituting the basis of the organization’s exemption under  
section 501.

“(4) APPLICABLE PERIOD.—The term ‘applicable period’ means, with respect to any qualified veteran, the  
1-year period beginning with the day such qualified veteran begins work for the organization.

“(5) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘qualified tax-exempt organization’ means an employer that is an organization described in  
section 501(c) and exempt from taxation under section 501(a), and

“(B) the term ‘qualified veteran’ has meaning given such term by section 51(d)(3).”.

(3) TRANSFERS TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—There are hereby appropriated  
to the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund  
established under section 201 of the Social Security Act (42 U.S.C. 401) amounts equal to the reduction in  
revenues to the Treasury by reason of the amendments made by paragraphs (1) and (2). Amounts  
appropriated by the preceding sentence shall be transferred from the general fund at such times and in such  
manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund  
had such amendments not been enacted.

(f) TREATMENT OF POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS.—

## ATTACHMENT B

(A) MIRROR CODE POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession of the United States.

(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system the amount estimated by the Secretary of the Treasury as being equal to the loss to that possession that would have occurred by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession.

The preceding sentence shall not apply with respect to any possession of the United States unless such possession establishes to the satisfaction of the Secretary that the possession has implemented (or, at the discretion of the Secretary, will implement) an income tax benefit which is substantially equivalent to the income tax credit in effect after the amendments made by this section.

(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—The credit allowed against United States income taxes for any taxable year under the amendments made by this section to section 51 of the Internal Revenue Code of 1986 to any person with respect to any qualified veteran shall be reduced by the amount of any credit (or other tax benefit described in paragraph (1)(B)) allowed to such person against income taxes imposed by the possession of the United States by reason of this subsection with respect to such qualified veteran for such taxable year.

(3) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.— For purposes of this subsection, the term “possession of the United States” includes American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from credit provisions described in such section.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.