

Subject Veterans jobs tax credit

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Overview

H.F. 641 establishes an employer tax credit for hiring disabled or unemployed veterans. The credit equals ten percent of wages paid to a disabled or unemployed veteran per year, up to \$3,000 for disabled veterans and \$1,500 for unemployed veterans.

To qualify, a veteran must be a resident of Minnesota, and disabled or unemployed on their date of hire.

Summary

Section	Description
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1	Definitions.
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Defines the following terms, which are used in the credit allowed under subdivision 2.

“Qualified employee” is an employee that is a resident of Minnesota on the date of hire and is paid wages allocable to Minnesota. The following categories of individuals are excluded from being qualified employees:

- 1) Family members of the employer, including children, siblings, parents, aunts/uncles, nieces/nephews, in-laws, and individuals who reside with the employer and are members of their household.
- 2) Individuals who own more than 50 percent of the business employing them.
- 3) If the employer is a trust, fiduciaries of the trust, or family members of a grantor, beneficiary, or fiduciary of the trust.

“Qualified employer” is an employer that hired a disabled or unemployed veteran.

Section	Description
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“Disabled veteran” is a veteran with a compensable service-connected disability, as adjudicated by the United States Veterans Administration or the retirement board of a branch of the armed forces.

“Unemployed veteran” is a veteran who received unemployment compensation in the one-year period prior to being hired, and was unemployed on the date of hire.

“Veteran” means a citizen or resident alien who was separated from any branch of the armed forces after having served on active duty for 181 consecutive days, by reason of disability, or who met the minimum active duty requirement under federal law. To qualify, the military service must be certified by the Secretary of Defense as active military service.

2 Credit for hiring certain veterans.

Establishes a nonrefundable tax credits for a pass-through entity, estate, trust, or C Corporation that hires a disabled veteran.

The credit for hiring a disabled veteran equals ten percent of wages paid during the taxable year, up to \$3,000.

The credit for hiring an unemployed veteran equals ten percent of wages paid during the taxable year, up to \$1,500.

An employer is prohibited from claiming both credits for a single individual.

An employer may not claim the credit for hiring an individual who is currently employed.

3 Flow-through entities.

For pass-through businesses, requires credits to pass through pro rata to partners, members, shareholders, or owners based on their ownership share of the entity’s assets, or as otherwise allocated in the entity’s organizational documents.



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