



Telework Tax Credit Legislation: How Virginia Businesses Can Save up to \$50,000!

We will begin shortly...





Welcome!

- Participants

- Department of Rail and Public Transportation
Director Thelma Drake
- Senator Mark Herring
- Delegate Barbara Comstock
- Department of Rail and Public Transportation
Manager of Mobility Programs, Chris Arabia
- Department of Taxation Tax Policy Analyst,
Kristin Collins



- Opening Remarks
- Telework Overview
- Tax Credit Overview
- Application Procedures
- Q&A



Agenda



Senator Mark Herring

- 33rd District – Part of Loudoun and Fairfax County
- Legislation sponsor
- Committee assignments:
 - Commerce and Labor
 - General Laws and Technology
 - Local Government
 - Rehabilitation and Social Services





Delegate Barbara Comstock

- 34th District – Part of Fairfax County
- Legislation sponsor
- Committee assignments:
 - General Laws
 - Science and Technology
 - Transportation



What is telework?

(telecommuting, ecommuting, virtual work)

- It is not about the commute, it's about the work
- Telework brings the work to you
- A work arrangement where an employee performs all or some of their usual job duties away from their designated office
- Working from home, telework centers or business centers
- At least 1 day a week
- High-tech or low-tech





Benefits

- Recruit/retain your best employees
- Freedom from geographical limitations
- Flexibility/agility
- Increased productivity and creativity
- Reduced absenteeism
- Provide work/life balance
- Continuity of business operations



Myths vs. Facts

- *If employees aren't in the office, they're not working.*
 - Numerous studies show that productivity increases on telework days.
- *Teleworkers are never in the office.*
 - Most employees who telework do so just 1 or 2 days per week.
- *Teleworkers are not available when you need them.*
 - Teleworkers are available via e-mail and telephone; and a telework policy can be worded to require in-person presence at the office as necessary on telework days.
- *Employees who aren't allowed to telework will file a grievance.*
 - A clear, objective selection process based on job suitability, employee work characteristics, and office coverage needs can eliminate the perception of unfairness.



Tax Credit Overview

- Up to \$50,000 per business for taxable years 2012 and 2013
 - Up to \$20,000 for a telework assessment
 - Up to \$1,200 per employee for eligible expenses
 - Computer equipment (laptops/netbooks/tablets)
 - Networking equipment and software
 - Security and antivirus systems
 - Internet access
 - Communications equipment and services (VoIP, mobile phones, Smartphones, phone service, routers, modems/web cams, VPN)
 - Telework Center fees
- Total statewide credits not to exceed \$1 million annually



Tax Credit Eligibility

- Businesses subject to income tax in Virginia.
- Follow DRPT guidelines
 - Must have formal telework policy and employee agreement
 - Must telework at least one day a week
 - Agreement signed after July 1, 2012, but before January 1, 2014
 - Must be a new teleworker



DRPT Assistance

- Telework!VA
 - Funding has run out for financial assistance
 - Use Tax Credit for financial assistance
 - Technical assistance consultants
 - Looking for ways to help non-profits
 - Guidance and resources
- Start your telework program at www.teleworkva.org.



Administration of Tax Credit for 2012 Calendar Year

- Form TEL-1 must be submitted to the Department of Taxation by October 31, 2011
 - If credit applications exceed \$1 million, then all credits will be allocated pro rata based on the requested amount.
 - Example: If credit applications are \$4 million, each taxpayer will be allocated 25% of the amount for which it applied.
 - The Department will notify taxpayers of tentative credit allocations by December 31, 2011.
- Taxpayers must submit Form TEL-2 by April 1, 2013, stating the amount of expenses actually incurred
 - Taxpayers that spend less than the amount requested on Form TEL-1 may receive less than the amount tentatively allocated in December 2011.
 - Any tentative credit amounts that are unused will be reallocated among taxpayers that file Form TEL-2 by the April 1 deadline.
 - Once all of the timely filed TEL-2 forms have been reviewed and necessary reallocations made, the Department will notify taxpayers of the amount that may be claimed on the Virginia income tax return.



Administration of Tax Credit for 2013 Calendar Year

- Form TEL-1 must be submitted between September 1 and October 31, 2012
 - If credit applications exceed \$1 million, then all credits will be allocated pro rata based on the requested amount.
 - The Department will notify taxpayers of tentative credit allocations by December 31, 2012.
- Taxpayers must submit Form TEL-2 by April 1, 2014
 - Taxpayers that spend less than the amount requested on Form TEL-1 may receive less than the amount tentatively allocated in December 2012.
 - Any tentative credit amounts that are unused will be reallocated among taxpayers that file Form TEL-2 by the April 1 deadline.
 - Once all of the timely filed TEL-2 forms have been reviewed and necessary reallocations made, the Department will notify taxpayers of the amount that may be claimed on the Virginia income tax return.



Rules Regarding Form TEL-1

- Form TEL-1 is currently available on the Department of Taxation's website at www.tax.virginia.gov/taxforms/Business/Credits/TEL-1.pdf
- Form TEL-1 must include the following information:
 - Projected number of eligible new teleworking employees
 - Projected telework expenses (up to \$1,200 per teleworking employee)
 - Projected telework assessment costs (up to \$20,000)
 - Total requested reservation amount (up to \$50,000)
- Applications should be submitted by fax to (804) 367-3021 or by mail to: Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715.



Questions?