

Veterans Are Opening Small Businesses – Who’s Offering ‘Direct Support’?

Written by [Angie Longacre](#). Updated Sep 11, 2019.

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Where would we be without those willing to fight for our freedom and families? Drinking over-taxed tea and flying the U.K. flag? That would be the least dreadful of the possibilities. Since our fight for independence in 1776, the selflessness and conviction of our country’s brave men and women have secured privileges and protected rights of which many across the globe only dream. Our soldiers have given life, limb, and other sacrifices to afford their fellow citizens these liberties.



But when our war-torn soldiers return home, undeservedly they often find themselves in yet another agonizing battle: the fight to forge a living outside the military. Blockades such as mental and physical ailments, incongruent skills translation, and presumptive acclimation concerns, hinder many vets’ chances at life-sustainable employment.

Boots on the Ground

Rather than hunker down in this fox hole on the home front, many vets have set out on their own ‘if-you-can’t-beat-em-open-your-business’ mission. Veterans are starting their own businesses. Currently, in the U.S., there are approximately **2.5 million businesses owned by vets** – comprising roughly **9.1 percent of all businesses** in our country.²

“The military teaches discipline, structure and organization, all of which are integral for entrepreneurs”, said Army National Guard veteran Luke A. Wade who founded KC Crew Rec Sports and Special Events.

Win-win with Veterans: WOTC Target Group Fills the Cybersecurity Talent Gap

Of course, establishing a new business for anyone is an operation rife with landmines – **30% of small businesses fail** within the **first two years**, **50% within the first five**.¹

We Got Your Six

Fortunately, others out there recognize the new-business challenges and our veterans’ plight. Many also realize that we should return favor and do what is within our power to help vets become successful civilians.

Google for Startups has struck up partnerships with three small business-oriented veteran nonprofits. The first, Bunker Labs, is founded and operated by successful vet business owners who want to provide mentorship, network opportunities, and knowledge to other entrepreneurial vets.

The second organization, Patriot Boot Camp, offers three-day concentrated “boot camps” for vets and military spouses who are pursuing startups in the high-tech industry. The third non-profit in Google’s sites, Veteran Capital, offers vets valuable insights, industry know-how, and relationships through sponsored fellowships at established high-tech startups.

Google for Startups’ vice president, Lia Gevelber stated, “People in the military community are uniquely suited to life at a startup, thanks to their ability to solve problems with limited resources, adapt to changing conditions, and lead under pressure.”

Reinforcements

On July 12, 2019, U.S. Senator Jacky Rosen proposed an overdue helping hand for veterans to further aid their success in civilian life with the bipartisan Veterans Job Act legislation. The act would grant a **15% tax credit on the first \$50,000** of startup costs to veterans who open businesses in depressed communities.

Senator Rosen backed up her proposal, stating, “We owe it to our veterans to provide assistance in making the transition into the civilian workforce...Veteran-owned small businesses play a vital role in our society, and with this legislation, under-served communities will benefit from the entrepreneurial spirit of our nation’s heroes.”

Advance Guards

And while we’re in tax credit territory...there are two federal tax credits already on the books that vets can leverage to pad their bottom line and power their businesses: the research and development (R&D) tax credit and the Work Opportunity Tax Credit (WOTC).

R&D Relief

This oft misunderstood tax credit can provide a dollar-for-dollar reduction in a company’s federal tax liability when the business conducts eligible research and development activities.

Misleadingly, the terms “research and development” tend to construe thoughts of high-tech or life sciences industries, such as robotics or pharma – which sometimes leads business owners astray, thinking they could never qualify.

Fortuitously, any company, in any industry, has the potential to capture R&D credits. They need only conduct qualified activities in the pursuit of developing new or improved products, process, techniques, formulas, and software. The new or enhanced components do not need to be groundbreaking or original to the industry, only new to the company.

Take a look at this small sampling of R&D activities that qualify for the federal credit:

- Designing, developing and improving new and existing products
- Developing new or improved technology, processes, and procedures
- Developing new or improved quality assurance testing processes
- Developing or implementing automated processes
- Development of new software applications
- Development of unique, energy-efficient features
- Examining component defects or failures to improve product quality
- Manufacturing, evaluating, and testing samples and prototypes
- Testing new or existing components to evaluate performance

WOTC Wedge Formation

When a vet brings aboard an employee from one of the 14 qualifying target groups, the government awards up to **\$9,600 in tax credits**, depending on the group and hours worked. Ironically, five of the authorized categories include veterans. A bit of a double-action credit. Another needful vet secures employment, and the hiring vet receives a tax break.

Additionally, some states deploy tax incentives that “piggyback” off the WOTC, meaning there are overlapping qualifying criteria that are applied much like the WOTC.

Bravo Zulu

The many vets who have risked their lives to preserve our freedoms shouldn’t have to fight financial and employment battles when they return from war. For their sacrifice, they deserve all the aid we can discharge to help them succeed on the home front.

Fortunately, assistance and relief are amassing for vets with an entrepreneurial objective. And brandishing tax credits is one mode of attack towards a successful vet-owned business.

Vets interested in learning more about the value of tax credits and how to capture their maximum potential should site in a tax professional. A specialist can help them navigate the unknown tax territory pocked with inherent intricacies and obstacles.

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1. Top 6 Reasons New Businesses Fail, Investopedia, 2019

2. Rosen, Moran, Cramer, Jones Introduce Bipartisan Veterans Jobs Opportunity Act to Assist Veterans in Starting Small Businesses in Underserved Communities, Jacky Rosen, U.S. Senator for Nevada, 2019

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