

**VIRGINIA  
Form TEL-1**

**Telework Expenses Tax Credit  
Reservation Application**

**Tax Year** \_\_\_\_\_

File between September 1 and October 31.\*

**This credit must be approved before being claimed on your return.  
See the instructions for details.**

Name		FEIN	
Trading As		Contact Name	
Street Address		Office Use Only	
City, State, ZIP Code			
Phone Number	FAX Number	Email	

Entity Type: (Check One)     Sole Proprietor     C Corporation     S Corporation  
 Partnership     LLC     Other \_\_\_\_\_

**Form TEL-1**, Telework Expenses Tax Credit Reservation Application, must be filed between September 1 and October 31 of the year preceding the taxable year for which the tax credit is to be earned using anticipated telework expenses. The Department will provide tentative approval by December 31.

**Form TEL-2**, Telework Expenses Tax Credit Confirmation Application, must be filed by April 1 of the year following the calendar year that the eligible expenses were incurred. Once Form TEL-2 is approved, the Department will send a certification letter by June 30 providing the amount of the Telework Expenses Tax Credit that can be claimed on your Virginia return.

1. Projected number of eligible new teleworking employees..... \_\_\_\_\_
2. Projected telework expenses (up to \$1,200 per teleworking employee) ..... \$ \_\_\_\_\_ .00
3. Projected telework assessment costs.  
Enter total projected assessment expenses or \$20,000, whichever is less ..... \$ \_\_\_\_\_ .00
4. Total requested reservation amount. Enter the sum of projected expenses reported on Line 2 and Line 3 or \$50,000, whichever is less..... \$ \_\_\_\_\_ .00

- I certify that:
- The telework expenses outlined above would not have been incurred but for the availability of this credit;
  - The telework agreement between the employer and the participating employee is signed between July 1, 2012 - December 31, 2016;
  - No deduction for telework expenses will be claimed on the Virginia return;
  - If a deduction for expenses is claimed on the federal return, an offsetting addition will be claimed on the Virginia return;
  - No other income tax credit will be claimed on the Virginia return for the same expenses; and
  - No financial incentives from the Telework!VA program will be used for the same expenses.

Under penalty of law, I have read and understand the limitations and restrictions of this credit.

Authorized Signature	Title	Date
Printed Name	Phone Number	
E-mail Address	FAX Number	

\*File Form TEL-1 between September 1 and October 31 of the year preceding the taxable year for which the tax credit is to be earned.

# Telework Expenses Tax Credit Reservation Application Instructions

## General Information

The **Telework Expenses Tax Credit** is an individual and corporate income tax credit for employers who (1) incur eligible telework expenses pursuant to a telework agreement or (2) conduct telework assessments. This credit is equal to the amount of expenses incurred during the calendar year that ends during the taxable year, not to exceed \$50,000 each calendar year.

To qualify for a credit for eligible telework expenses incurred pursuant to a telework agreement, the employer must enter into a signed telework agreement with the teleworking employee on or after July 1, 2012, but before January 1, 2017. This telework agreement must be in accordance with policies set by the Department of Rail and Public Transportation (DRPT). Such policies are available on the Telework!VA website at **www.teleworkva.org**. The maximum amount of expenses that can be used in determining the amount of this portion of the credit is \$1,200 per employee.

The portion of the credit for telework assessment expenses is equal to the costs of preparing an assessment, not to exceed \$20,000. This portion of the credit can only be claimed once by an employer.

Taxpayers may claim this credit for taxable years beginning on or after January 1, 2012, but before January 1, 2017. The aggregate amount of tax credits that will be issued is capped at \$1 million annually. If credit applications exceed the \$1 million cap, credits will be allocated on a pro rata basis.

The amount of credit claimed cannot exceed the tax liability of the taxpayer. There is no carryforward of any unused credit. Accordingly, even if a taxpayer is granted a credit amount, he must have sufficient tax liability in order to actually claim the full credit amount. If the amount of credit granted exceeds the taxpayer's tax liability, he may only claim the credit up to the amount of tax liability for the taxable year. To be eligible for this credit, the employer is not allowed to deduct the qualified expenses in any taxable year. If these expenses are deducted for federal purposes, they will need to be included as an addition on your Virginia return. Taxpayers are not eligible for this tax credit if any other Virginia income tax credit is claimed based on the jobs, wages, or other expenses for the same employee.

Taxpayers are required to apply to the Department of Taxation to reserve a portion of the credit. The reservation application must be filed between September 1 and October 31 of the year preceding the calendar year in which the eligible telework expenses will be incurred. The Department of Taxation will provide tentative

approval by December 31. If the applications for the credit exceed the cap, the credits will be allocated to taxpayers on a pro rata basis.

The Department of Taxation and DRPT intend to coordinate their efforts to carry out the provisions of this credit.

Any credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company will be allocated to the individual partners, shareholders, or members, respectively, in proportion to their ownership or interest in such business entities.

*"Eligible telework expenses"* means expenses incurred during the taxable year pursuant to a telework agreement, in an amount up to \$1,200 for each participating employee, that enable a participating employee to begin to telework, which expenses are not otherwise the subject of a deduction from income claimed by the employer in any tax year. Such expenses include, but are not limited to, expenses paid or incurred to purchase computers, computer-related hardware and software, modems, data processing equipment, telecommunications equipment, high-speed internet connectivity equipment, computer security software and devices, and all related delivery, installation, and maintenance fees. Such expenses do not include replacement costs for computers, computer-related hardware and software, modems, data processing equipment, telecommunications equipment, or computer security software and devices at the principal place of business when that equipment is relocated to the telework site. Eligible telework expenses may also include up to a maximum of \$20,000 for conducting a telework assessment on or after January 1, 2012. Such costs shall be ineligible for this credit if they are otherwise taken as a deduction by the employer from income in any taxable year. The costs included and allowed to be taken as a credit include program planning costs, which may include direct program development and training costs, raw labor costs, and professional consulting fees. Such costs shall not include those for which any other income tax credit is claimed. The credit for conducting a telework assessment shall be allowed once for each employer meeting the requirements herein.

*"Telework"* means the performance of normal and regular work functions on a workday at a location different from the place where work functions are normally performed and that is within or closer to the participating employee's residence. The term shall not include home-based businesses, extensions of the workday, or work performed on a weekend or holiday.

“*Telework agreement*” means an agreement signed by the employer and the participating employee, on or after July 1, 2012, but before January 1, 2017, that defines the terms of a telework arrangement, including the number of days per month the participating employee will telework in order to qualify for the credit, and any restrictions on the location from which the employee will telework. This agreement must be in accordance with policies set by the DRPT.

“*Telework assessment*” means an optional assessment leading to the development of policies and procedures necessary to implement a formal telework program that would qualify the employer for this credit, including but not limited to a workforce profile; a telework program business case and plan; a detailed accounting of the purpose, goals, and operating procedures of the telework program; methodologies for measuring telework program activities and success; and a deployment schedule for increasing telework activity.

### **When to Submit Application**

File Form TEL-1 and any supporting documentation between September 1 and October 31 of the year preceding the calendar year for which the tax credit is to be earned.

### **Where to Submit Application**

Submit Form TEL-1 and attachments to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or fax it to **804-774-3902**.

### **What Does the Taxpayer Need to Do**

Upon receiving notification of the tentative credit amount, taxpayers who meet the requirements set forth in the tentative approval letter, including actually incurring the estimated eligible telework expenses, may be granted a credit after submitting Form TEL-2, Telework Expenses Tax Credit Confirmation Application. This application must be submitted by April 1 of the year following the calendar year that the eligible expenses were incurred. See Form TEL-2 for instructions on claiming this credit on the applicable Virginia income tax return.

### **IMPORTANT**

All business taxpayers should be registered with the Department of Taxation before completing Form TEL-1. If you are not registered, complete Form R-1.

### **Where To Get Help**

DRPT is available to help guide businesses through the development of a telework program. This includes providing assistance on policy and agreement development, training for teleworkers and managers, and program assessment. For questions about developing a telework program or the policies for telework agreements, visit the **Telework!VA website** at **[www.teleworkva.org](http://www.teleworkva.org)** or contact **DRPT** by phone at **804-786-4440** or by e-mail at **[drptpr@drpt.virginia.gov](mailto:drptpr@drpt.virginia.gov)**. For all other questions, write to the **Department of Taxation, ATTN: Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715** or call **804-786-2992**.