

5101 Cleveland Street, Suite 104
Virginia Beach, Virginia
23462-6561

757-499-1122
757-499-6837 Fax
info@bakerandmcniff.com E-Mail
www.bakerandmcniff.com Web Site

Special Tax Benefits for Armed Forces Personnel

Military personnel and their families face unique life challenges with their duties, expenses and transitions. As such, active members of the U.S. Armed Forces should be aware of all the special tax benefits that are available to them.

- 1. Moving Expenses.** If you are a member of the Armed Forces on active duty and you move because of a permanent change of station, you may be able to deduct some of your unreimbursed moving expenses.
- 2. Combat Pay.** If you serve in a combat zone as an enlisted person or as a warrant officer for any part of a month, military pay you received for military service during that month is not taxable. For officers, the monthly exclusion is capped at the highest enlisted pay, plus any hostile fire or imminent danger pay received. You can also elect to include your nontaxable combat pay in your "earned income" for purposes of claiming the Earned Income Tax Credit.
- 3. Extension of Deadlines.** The deadline for filing tax returns, paying taxes, filing claims for refund, and taking other actions with the IRS is automatically extended for qualifying members of the military.
- 4. Uniform Cost and Upkeep.** If military regulations prohibit you from wearing certain uniforms when off duty, you can deduct the cost and upkeep of those uniforms, but you must reduce your expenses by any allowance or reimbursement you receive.
- 5. Joint Returns.** Generally, joint income tax returns must be signed by both spouses. However, when one spouse is unavailable due to military duty, a power of attorney may be used to file a joint return.
- 6. Travel to Reserve Duty.** If you are a member of the US Armed Forces Reserves, you can deduct unreimbursed travel expenses for traveling more than 100 miles away from home to perform your reserve duties.

7. ROTC Students. Subsistence allowances paid to ROTC students participating in advanced training are not taxable. However, active duty pay, such as pay received during summer advanced camp, is taxable.

8. Transitioning Back to Civilian Life. You may be able to deduct some of the costs you incur while looking for a new job. Expenses may include travel, resume preparation fees, and outplacement agency fees. Moving expenses may be deductible if your move is closely related to the start of work at a new job location, and you meet certain tests.

We want to make sure you get all of the tax benefits you are entitled to as a member of the armed forces. Please call us if you need guidance or have any questions.