



## FORT SILL LEGAL ASSISTANCE

### Tax Information after Deployment



#### **Is there a tax benefit for a military deployment?**

Yes, if you deployed during the 2014 calendar year or if you are about to deploy, there are a few tax benefits to be aware of. The following information provides an overview of current tax information from the Internal Revenue Service (Federal Income Taxes) and Deployment

Entitlements and Compensation from the Department of Defense. Please contact the Fort Sill Income Tax Assistance Center (ITAC) for more specific information and/or free assistance in preparing your federal/state income tax return. The ITAC is co-located with the Legal Assistance Office on the 4th floor of the Welcome Center (Building 4700) on Mow-Way Road between Sheridan and Fort Sill Boulevard.

#### **What is non-taxable Combat Pay?**

Enlisted/Warrant Officers/Commissioned Officers Base Pay:

- Serving in a combat zone (CZ)
- Serving in a qualified hazardous duty area (QHDA);
- On deployment outside the United States of America away from their permanent duty station while participating in a contingency operation (CO)

Are not taxed by the American federal government for pay received [for the month in which they served at least one day in the CZ/QHDA/CO]. Warrant Officers and Commissioned Officers receive tax exempt pay up to the highest rate of enlisted pay (Sergeant Major of the Army/Marine Corps) [\$7816.20 for 2014].

#### **What geographic areas are considered Combat Zones?**

Combat zones are designated by an Executive Order from the President. There are currently three combat zones:

- Arabian Peninsula (beginning 17 January 1991)
- Kosovo area (beginning 24 March 1999)
- Afghanistan (beginning 19 September 2001)

#### **I received an enlistment bonus while deployed in a combat zone; will the bonus be excluded from my gross income for tax reporting purposes?**

The reenlistment bonus is excluded from gross income as long as you complete the necessary action for entitlement to the reenlistment bonus in the month during which you were serving in a combat zone.

#### **My husband is serving outside a combat zone. Is any part of his military pay excluded from gross income?**

Payment for service outside a designated combat zone is not excluded from income unless the pay is hostile fire/imminent danger pay for serving in direct support of military operations in the designated by Department of Defense as a combat zone. Hostile fire/imminent danger pay received for service in a non-certified area is taxable. Generally this will be included on Forms W-2 for persons who do not qualify.

## **How do I certify my entitlement to the military pay exclusion?**

The service branch must certify your entitlement on the Form W-2 it provides you. If you believe there is an error, ask your service branch to issue a corrected Form W-2. The Internal Revenue Service and the Fort Sill Installation Tax Assistance Center do not correct Forms W-2

## **What will I need to look for on my Form W-2 after serving in a combat zone?**

Military pay attributable to your active service in the combat zone that is excluded from gross income will not appear on your Form W-2 in the box marked “Wages, tips, other compensation.” However, military pay for such services is reported for “social security wages” and “Medicare wages and tips” which will appear on your Form W-2.

## **If I get back after April 15th, will I get an automatic extension to file?**

Military deployed for any part of 2014/2015 will receive an extension to file their tax return and an extension to pay any tax if they have a tax liability. There will be no interest, penalties, or fees assessed against the Soldier during the permissible filing extension.

The filing extension if deployed is:

- The entire time serving in a combat zone **PLUS** 180 days after the last date physically in the combat zone. There can be additional days added for the number of days left in the current tax filing season.
  - Deployment begins on 1 March 2014 for 365 days. The extension will be 180 days **PLUS** 46 days [1 March-15 April] for a total of 226 day extension from the last day physically present in a combat zone [226 days after 28 February 2015].
  - Deployment begins on 15 May 2014 for 365 days. The extension will be for 180 days from the last day physically present in a combat zone [180 days after 14 May 2015].

## **If I am not physically able to come and sign my tax return for filing purposes what can I do?**

Deployed Servicemembers can provide a Special Power of Attorney for Federal/State income tax filing. Be cautious and only choose a trustworthy person because this is a legal document and provides someone with legal permission to act as your “agent” to make legal decisions for you which can have legal consequences. There is also an IRS Form 2848 which is specifically used for filing your Federal income tax return.

### References:

Internal Revenue Publication 3, Armed Forces Tax Guide (2013),  
<http://www.irs.gov/pub/irs-pdf/p3.pdf> and DFAS website,  
<http://www.dfas.mil/militarymembers/payentitlements/specialpay.html>

Updated September 2014

If you have questions concerning the information in this fact sheet, please call the Legal Assistance Office at (580) 442-5058 or (580) 442-5059 or the Tax Center at (580) 442-6445/6699. Our hours of operation are Monday, Tuesday, Wednesday and Friday, 0900 – 1600, and Thursdays 1300-1600. The Fort Sill Legal Assistance Office is located on the 4th floor of Building 4700 (Welcome Center) on Mow-Way Road.