



May 25, 2016

Free Tax Guide Focuses on Tax Benefits for Members of the Military

TAX

BY SCHNEIDER DOWNS PROFESSIONAL

The Internal Revenue Service (IRS) observes the month of May as National Military Appreciation Month. Each year, the IRS publishes *Publication 3* to remind members of the U.S. military and their families of the potential tax benefits available to them. The highlights from the publication follow:

Combat pay:

Combat pay is tax-free. If a member in the military is serving in an area designated as a combat zone, he or she will qualify to have his/her income during that period excluded from federal taxable income. Note that this exclusion is unlimited for enlisted members and is limited for officers and warrant officers.

Unreimbursed travel expenses:

Reservists, whose duties take them more than 100 miles from home, can deduct their unreimbursed travel expenses as an adjustment to income rather than an itemized deduction.

Moving expenses:

Generally, for moving expenses to be deductible, taxpayers must meet certain distance and time tests. However, members of the Armed Forces can report their moving expenses on Form 3903 regardless of the distance or time test.

Extensions to file:

Service members assigned outside of the United States or Puerto Rico are granted an automatic two-month filing extension. This is even longer for service members working in a combat zone who, typically have until 180 days after the end of their leave from the combat zone.

Paying taxes:

Members of the Armed Forces may qualify for a deferral of the payment of income tax due before or during their military service by requesting relief. If relief is granted, the service member can be allowed at least 180 days after termination or release from military service to pay the tax.

Saver's Credit:

Low- and moderate-income service members who contribute towards a retirement plan through an IRA or 401(k) can often claim the saver's credit, which can help reduce the tax owed to zero. To claim this credit, use Form 8880. The credit generally provides a greater benefit than a deduction, which only decreases taxable income.

VITA:

Programs are available to service members and their families through the IRS partnership with Volunteer Income Tax Assistance (VITA).

If you have questions about how a service member can take advantage of these benefits, [please contact Schneider Downs](#) and [visit our Tax Services page to learn more](#).

You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at contactSD@schneiderdowns.com.

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).