



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

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JUL 17 2002

DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE
FINANCE AND ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the Department of Defense Financial
Management Regulation (DoDFMR), Volume 7B, Regarding
Non-taxability of Survivor Benefit Plan (SBP) Annuities
For Nationals of Spain (DFAS Item Number L-44)

The attached Interim Change Number **R09-02** updates
Table 53-1 to exclude SBP annuities from federal taxation for
nationals of Spain. This change is effective immediately.

We have evaluated your comments on the proposed change and
included your comments where appropriate. Assignment of the
interim change number is your authority to initiate procedural
modifications to implement this change. Use the attached to
initiate the formal change to the DoDFMR, Volume 7B.

for Gloria D. Harris
Jerry S. Hinton
Director for Finance

Attachments:
As stated

cc: DASD (MMP) (Comp)
OUSD (C) (ODCFO) (FP)
ODGC (F)
DFAS-GAM/DE
DFAS-PD/CL
DFAS-PMJE/DE
Services Liaisons
USCG/NOAA/PHS Liaisons

1. Add Rules 4 and 5 to Table 53-1 to read:.

R U L E	A	B	C	D
	If the SBP annuitant resides in the country of	and	then the SBP annuity is	at the rate of
4	Spain	is a Spanish national	not taxable (note)	
5		is not a Spanish national	taxable	30 percent

2. Revise Table 53-1, Note, to read:

Note: In order to claim entitlement to exemption from taxation based upon a tax convention or Treaty, a non-resident alien annuitant is required to file Treasury Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding).