

VOLUME 7B, CHAPTER 26: "STATE TAXES"**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by a * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated April 2012 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated this chapter to comply with current administrative instructions.	Revision

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CHAPTER 26

STATE TAXES

2601 GENERAL

The State taxing authorities of a member's legal residence may tax the member's retired or retainer pay. The designated state must have a signed standard written agreement with the Department of Defense for the voluntary withholding of State income tax. This agreement shall provide the Secretary concerned the authority to withhold State income tax from the member's monthly retired or retainer pay.

2602 WITHHOLDING

260201. State Income Tax Withholding (SITW)

A retiree may request voluntary SITW be withheld from their retired or retainer pay. The request shall include the member's full name, signature, Social Security number, the fixed amount withheld monthly from retired pay, the state designated to receive the withholding, and the member's current residence address. The retiree may submit the request via letter, e-mail, or fax to the address in section 2604 or submit the request through the member's myPay account. If using myPay, the member's signature is not required. In the case of incompetence, the member's guardian or trustee must sign.

260202. Amount

The retiree's request must be in writing and is revocable at any time. The withholding amount requested must be in a whole dollar amount, at least \$10, or the state's minimum, if that amount is higher.

2603 PAYMENTS AND REPORTS

260301. Amounts Withheld

The Uniformed Services will disburse amounts withheld to the states in the month following the month of collection. Payment procedures and state income tax withholdings shall follow the usual fiscal practices of the Uniformed Services.

260302. Internal Revenue Service Form 1099-R

The Uniformed Services will provide each retiree an Internal Revenue Service Form 1099-R, "Distribution From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.," that indicates the total tax withheld for each state, following each calendar year end.

2604 UNIFORMED SERVICES' RETIRED PAY OFFICE ADDRESSES

260401. U.S. Military

The address and web sites for the U.S. Military Retirement Pay office follows:

Army, Navy, Air Force, and Marine Corps
Defense Finance and Accounting Service
U.S. Military Retirement Pay
P.O. Box 7130
London, Kentucky 40742-7130

Phone: 1-800-321-1080

Fax: 1-800-469-6559

Web site for general tax information:

<http://www.dfas.mil/retiredmilitary/manage/taxes.html>

Web site for state withholding tax:

<http://www.dfas.mil/retiredmilitary/manage/taxes/sitw.html>

260402. Coast Guard

Change requests for retired members of the Coast Guard must be in writing and mailed (faxes are not accepted) to:

Coast Guard and National Oceanic Atmospheric Administration
Commanding Officer (RAS)
U.S. Coast Guard
Pay & Personnel Center
444 S.E. Quincy Street
Topeka, Kansas 66683-3591

Web site: <http://www.uscg.mil/hq/cg1/psc/ras>

260403. Public Health Services (PHS)

Mail or fax requests for voluntary SITW to PHS at:

U.S. Public Health Service Compensation Branch
8455 Colesville Road, Room 935
Silver Spring, Maryland 20857-0001

Phone: 1-301-427-3280

Fax: 1-301-427-3432

Web site: <http://dcp.psc.gov/ccmis>

BIBLIOGRAPHY

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2601 - GENERAL

10 U.S.C. 1045

2602 – WITHHOLDING

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2603 – PAYMENTS AND REPORTS

260301 Public Law 109-163, Section 661,
 January 6, 2006
 10 U.S.C. 1045(a)