

**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 May 2014 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
260402	Updated paragraph to include Public Health Services.	Revision
260403	Deleted paragraph and moved the change request for Public Health Services retirees to paragraph 260402.	Deletion

Table of Contents

VOLUME 7B, CHAPTER 26: “STATE TAXES” ..... 1

2601 GENERAL ..... 3

2602 WITHHOLDING ..... 3

    260201. State Income Tax Withholding (SITW) ..... 3

    260202. Amount ..... 3

2603 PAYMENTS AND REPORTS ..... 3

    260301. Amounts Withheld ..... 3

    260302. Internal Revenue Service Form 1099-R ..... 3

2604 UNIFORMED SERVICES’ RETIRED PAY OFFICE ADDRESSES ..... 4

    260401. U.S. Military ..... 4

    \*260402. United States Coast Guard (USCG), National Oceanic Atmospheric Administration (NOAA), and Public Health Service (PHS) ..... 4

BIBLIOGRAPHY ..... 5

**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: (800) 321-1080

Fax: (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. United States Coast Guard (USCG), National Oceanic Atmospheric Administration (NOAA), and Public Health Service (PHS)

Submit change requests (mail, email, telephone, or fax) for retired members of the USCG, NOAA, and PHS to:

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

Email: [PPC-DG-RAS@uscg.mil](mailto:PPC-DG-RAS@uscg.mil)

Phone: (800) PPC-USCG or (800) 772-8724

Commercial: (785) 339-3415

Fax: (785) 339-3770

USCG web site: <http://www.uscg.mil/hq/cg1/psc/ras>PHS web site: <http://dcp.psc.gov/ccmis>

BIBLIOGRAPHY

CHAPTER 26 - STATE TAXES

2601 - GENERAL

10 U.S.C. 1045

2602 - WITHHOLDING

10 U.S.C. 1045

2603 - PAYMENTS AND REPORTS

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