

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

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) 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 [November 2014](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and reformatting to comply with current administrative instructions.	Revision

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CHAPTER 26

STATE TAXES

2601 GENERAL

260101. Purpose

The state taxing authority of a member's residence(s) 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 will provide the Secretary concerned the authority to withhold state income tax from the member's monthly retired or retainer pay.

260102. Authoritative Guidance

The bibliography at the end of this chapter lists the authoritative references.

2602 WITHHOLDING

260201. State Income Tax Withholding (SITW)

A retiree may request voluntary SITW to be withheld from their retired or retainer pay. The request must 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, email, 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 the request.

260202. Amount

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

2603 PAYMENTS AND REPORTS

260301. Amounts Withheld

Defense Finance and Accounting Service (DFAS) will disburse amounts withheld to the states in the month following the month of collection. Payment procedures and state income tax withholdings will follow the usual fiscal practices of the Uniformed Services.

260302. Internal Revenue Service (IRS) Form 1099-R

DFAS will provide each retiree an IRS Form 1099-R, Distributions 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 Retired Pay office follows:

Army, Navy, Air Force, and Marine Corps
Defense Finance and Accounting Service
U.S. Military Retired 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
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

Title 10, United States Code (U.S.C.), section 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)