

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

Changes are identified in this table and also 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 [July 2020](#) is archived.

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

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CHAPTER 26

STATE TAXES

1.0 GENERAL

1.1 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 DoD 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.

1.2 Authoritative Guidance

The pay policies and requirements established by the DoD in this chapter are derived primarily from and prepared in accordance with the United States Code (U.S.C.), including Title 10. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

2.0 WITHHOLDING

2.1 State Income Tax Withholding (SITW)

A retiree may request voluntary SITW 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 address of residence. The retiree may submit the request via letter, email, or fax to the address in section 4.0 or submit the request through the member's myPay account. If using myPay, the member's signature is not required. In the case of mental incompetence, the member's guardian or trustee must sign the request.

2.2 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.

3.0 PAYMENTS AND REPORTS

3.1 Amounts Withheld

The 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.

3.2 Internal Revenue Service (IRS) Form 1099-R

The 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.

4.0 UNIFORMED SERVICES' RETIRED PAY OFFICE ADDRESSES

4.1 U.S. Military

The address and websites for the U.S. Military Retired Pay office follows:

Defense Finance and Accounting Service
U.S. Military Retired Pay
8899 East 56th Street
Indianapolis, IN 46249-1200

Phone: 800-321-1080

Fax: 800-469-6559

Website for general tax information:

<https://www.dfas.mil/retiredmilitary/manage/taxes>

Website for state withholding tax:

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

4.2 U.S. 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 SE Quincy Street
Topeka, Kansas 66683-3591

Email: PPC-DG-RAS@uscg.mil
Phone: 1-800-772-8724 or 785-339-3415
Fax: 785-339-3770

USCG website: <https://www.dcms.uscg.mil>

NOAA website: <http://www.noaa.gov>

PHS website: <https://dcp.psc.gov/ccmis/>

REFERENCES

CHAPTER 26 - STATE TAXES

1.0 – GENERAL

10 U.S.C. § 1045

2.0 – WITHHOLDING

10 U.S.C. § 1045

3.0 - PAYMENTS AND REPORTS

3.1

Public Law 109-163, section 661, January 6, 2006

10 U.S.C. § 1045(a)