



COMMANDERS'S DIGEST

Vol. 17 No. 5, January 30, 1975

Every
Military
Member's
Responsibility
Includes

**STATE
INCOME
TAXES**



STATE INCOME TAX...

It is the personal responsibility of each Servicemember to obtain necessary forms, file returns, and pay State taxes in addition to paying Federal taxes. The fact that an individual is on active duty in the Armed Forces does not automatically exempt him or her from liability for State and local income taxes.

The Soldiers' and Sailors' Civil Relief Act (50 U.S.C. App. 574), however, reserves the right to tax a Servicemember's income to his or her State of original residence or domicile, which is sometimes referred to as a "home" State. The act does protect a Servicemember from taxation by a State where he or she may be residing by virtue of military orders but of which the individual is not a legal resident, except that taxes must be paid on income derived from a business, rental property, or civilian employment within such State.

A home State may also tax such income; however, reciprocal tax credits reduce the burden of dual taxation in most cases. It should be pointed out that one's legal **domicile** and the **home of record** as used within the Armed Forces are not always identical. The **home of record** is merely a term used in the Armed Forces to designate the place to which a Servicemember may be entitled to mileage reimbursement upon separation and is not always the legal domicile. In determining the right to tax an individual, a State frequently looks to see whether the individual has claimed benefits based on domicile or has exercised the right to vote—one of the strongest indications of domicile.

Copies of Wage and Tax Statement, IRS Form W-2, are furnished to States which Servicemembers indicate to be

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their domicile except while individuals are stationed outside the 50 States and the District of Columbia.

Income-taxing States are making a concerted drive to locate delinquent taxpayers and are imposing penalties for failure to file and pay appropriate State taxes. Guidance in determining tax liability may be obtained from legal assistance officers.

The time limits for filing returns, including postponements or extensions for sea, overseas, or combat-zone duty vary from State to State and are subject to change. While most States have provisions authorizing deferments for filing and paying taxes where good cause is shown by the taxpayer, an application for such permission must contain a full recital of the facts and must be submitted far enough in advance of the regular due date to give State authorities time to consider the application.

The following States do not impose individual income taxes on residents generally: **Florida, Nevada, New**

Jersey, South Dakota, Texas, Washington, and Wyoming. New Hampshire and New Jersey impose a commuter tax.

In general, the following rules apply:

- **Married couple or married** as used in this summary means husband and wife living together, except that in Arizona and California they may be living apart.
- A married serviceman or woman is considered to be living with his or her spouse when separated only by reason of military orders.
- Most States now have provisions for filing declarations and payment of estimated taxes.
- Under Section 513 of the Soldiers' and Sailors' Civil Relief Act, a member may defer payment of taxes, without interest or penalty, until six months after discharge if ability to pay is materially impaired by reason of active service; service in the combat zone or missing status as a result thereof may qualify as grounds for delayed payment of taxes, however, returns must be filed on time.
- Most States have provisions for extension of time for filing returns upon application by a taxpayer to the tax officials of his home State.
- Various cities and municipalities levy a personal income tax; where a question exists, each member should contact his or her home municipality to ascertain liability, and
- Returns and payment of the tax are due on April 15, 1975, unless otherwise noted on the chart.

Summary of Income Tax Laws of States and Possessions of the U.S.

In the chart below, the following symbols are used:

S=Single

M=Married or head of family

D=Dependent

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments In bold face	Where to Obtain Forms And File
ALABAMA S-\$1,500 net, M-\$3,000 net, \$3,000 gross	S-\$1,500; M-\$3,000 and \$300 each D. Military pay for combat zone exempt; members outside the U.S. may request extension for filing until 30 days after return to U.S.	Alabama Dept. of Revenue, Income Tax Division, Montgomery, Alabama 36102
ALASKA Same as Federal if part of income comes from sources within State; to file jointly if wife has civilian income Serviceman must have civilian income of \$600 or more.	Same as Federal, except part-year residents must pro-rate the exemption by number of months in State. All military pay exempt, with same extensions as under Federal.	Alaska Dept of Revenue, State Office Bldg., Pouch SA, Juneau, Alaska 99801
ARIZONA S-\$1,000 net, M-\$2,000 net \$5,000 gross	S-\$1,000; M-\$2,000; additional \$500 if blind. Military—\$1,000 active pay, all mustering-out pay and all terminal leave pay exempt; members outside U.S. may defer until 180 days after release; disability retired pay exempt.	Arizona Dept. of Revenue, West Wing Capitol Bldg., Phoenix, Arizona 85007
ARKANSAS—due May 15 S-\$3,000 M-\$4,000 Military must file a return if their gross income (before exclusion) exceeds filing requirements, even though they owe no actual tax.	S-\$17.50; M-\$35, \$17.50 if blind, \$6 each D, with \$50 additional for mentally retarded child maintained at home. Military-\$6,000 service pay and allowances excluded; \$6,000 retired or disability pay exempt.	State Income Tax, Arkansas Revenue Dept., P.O. Box 1,000-Little Rock, Arkansas 72201
CALIFORNIA S-\$3,250 adjusted gross, M-\$6,500 adjusted gross, \$7,000 gross Note: Domiciliaries on permanent duty out of State are classified as non-resident for State's income tax purposes only and need not file returns on income derived outside State; if married and wife remains in State, she would be taxable on one-half community income plus her separate income, if any.	S-\$25; M-\$50; \$8 if taxpayer or spouse is blind, \$8 each D. Military-\$1,000 pay, all mustering-out pay, terminal leave pay are exempt; filing and paying deferred without application or interest until 180 days after return to U.S. Combat-zone pay exclusion same as Federal; retired pay exclusion of \$1,000, but reduced if adjusted gross exceeds \$15,000.	California Franchise Tax Board, Sacramento, California 95867.
COLORADO S-\$1,750 adjusted gross M-\$2,500 adjusted gross (\$750 on separate returns) plus \$750 for each taxpayer 65 or older.	\$750 each exemption, \$7 food tax credit for each person allowed on Federal return, \$750 for retarded dependent, plus low-income allowance. Military-same as Federal, including combat-zone exclusion, postponement for filing and paying; \$2,000 retired pay excluded.	Colorado Dept. of Revenue, 1375 Sherman Street, Denver, Colorado 80203
CONNECTICUT Net capital gains of \$100 Note: State laws provide that an individual who maintains no permanent place within State, maintains a residence elsewhere, and is in State less than 30 days, is considered not to be a resident.	\$100 for each individual required to pay the tax, \$100 additional if blind, age 65 or older. Military-none.	Collections & Accounting Division, State Tax Dept., Hartford, Connecticut 06115

Least income To File**Personal Exemptions/
Credits; Military
Exclusions/Deferments
in bold face****Where to Obtain Forms
And File****DELAWARE-due April 30**

If required to file a Federal return or gross income of—S-\$600, M-\$1,200

Note—State law defines a "resident" of this State as (1) individual is domiciled in State for any part of taxable year to the extent of the period of such domicile, or (2) individual maintains a place of abode in State and spends aggregate of more than 183 days in State. **Servicemembers who maintain Delaware as home State are considered residents of State and taxable in State.**

\$600 for taxpayer, \$600 for spouse, \$600 each D; \$600 additional for taxpayer and spouse if blind, 65 or older. **Military: same as Federal, including combat-zone exclusion and postponement for filing and paying. If killed while serving in a combat zone, or dies as a result of wounds, disease, or injury incurred in a combat zone while on active duty, taxes will be cancelled, abated, or refunded.**

Delaware Div. of Revenue, 601 Delaware Avenue, Wilmington, Delaware 19899

DISTRICT OF COLUMBIA

S-\$1,000 gross income, M-\$2,000 gross income

S-\$1,000, M-\$2,000, Head of Family-\$1,500, \$500 each D, \$500 additional for taxpayer and spouse if blind; limited sales tax credit. **Military—same as Federal re: pensions or annuities for personal injuries or sickness incurred in Armed Forces. Upon application, deferment for filing or paying granted for 6 months after return is due, 1 year if outside U.S.**

District of Columbia Dept. of Finance & Revenue, 300 Indiana Ave., NW, Washington, D.C. 20001

GEORGIA

Same as Federal

S-\$1,500, M-\$3,000, \$700 each D, \$700 additional if blind, 65 or older, additional amounts for students. **Military—Combat-zone exclusion same as Federal, filing and paying without penalty or interest granted without application to members outside U.S. until 60 days after return. Abatement provided for death as result of wounds, disease, or injury incurred while serving in combat zone. Disability retired pay is excluded.**

Department of Revenue, Income Tax Unit Trinity-Washington Bldg., Atlanta, Georgia 30334

GUAM

Same as Federal

Note—Guamanians and others who are U.S. citizens through naturalization proceedings in the U.S. District Court of Guam, serving with U.S. Armed Forces, are liable to Government of Guam on income from all sources with credit for any U.S. tax paid.

Same as Federal. **Military—same as Federal, including combat-zone exclusion. As to Service compensation, Guam in practice has not imposed income tax on U.S. citizens serving in Guam; except on income from Guam sources which is effectively connected with a trade/business.**

General Taxes Division, Dept. of Revenue and Taxation, Government of Guam, Agana, Guam 96910

HAWAII-due April 20

\$750 gross income, \$1,500 if 65 or older

\$750 personal exemption, \$1,500 if 65 or older, except \$5,000 in lieu of above if taxpayer is blind, deaf, or totally disabled, also excise tax credit.

Military—same as Federal, including combat-zone exclusion, postponement for filing same as Federal. PWs and MIAs have been granted same benefits as provided by Federal law. Also first \$500 received by a member of a Reserve component.

Hawaii Dept. of Taxation, Income Tax Division, P.O. Box 259, Honolulu, Hawaii 96809

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
IDAHO S-\$2,050 under 65, S-\$2,800 over 65, M-\$2,800 joint under 65; M-\$3,550 joint, 1 under 65	Same as Federal plus \$10 grocery credit each person; for 1974 additional \$5 credit each personal exemption. Military-active duty service pay excluded if duty fulltime; postponement same as Federal. Combat-zone exclusion same as Federal. MIA military pay exempt. Proration required for military pay exclusion.	Idaho Tax Commission, 317 Main, Box 36, Boise, Idaho 83772
ILLINOIS If required to file Federal return or if taxable income is more than \$1,000 multiplied by exemptions claimed for Federal tax. Note: A resident is individual who is either present in State for other than temporary purpose or who is domiciled in State but is absent from State but is absent from State for only temporary purpose. Individual who ceases to be a resident during year is considered part-year resident and is required to file a return from that part of year in State.	\$1,000 for each exemption allowable under Federal law. Military-all active service pay is exempt; postponement for filing and abatement of tax by reason of combat-zone death or PW/MIA same as Federal. All retired pay exempt.	Illinois Dept. of Revenue, P.O. Box 3386, Springfield, Illinois 62726
INDIANA Gross income of 1,000 or more Note: Local county taxes apply to military personnel	\$1,000 each taxpayer on separate returns, limited on joint returns, \$500 for each age 65, blind, or dependency Federal exemption. Renters deduction up to \$1,000. Military-combat-zone exclusion same as Federal; first \$2,000 taxable active and Reserve-service pay also exempt. Retired pay taxable same as Federal.	Indiana Dept. of Revenue, State Office Bldg., 100 N. Senate Avenue, Indianapolis, Indiana 46204
IOWA-due April 30 If required to file a Federal return or if net income of \$2,000 or more taxable by State. Note: Legal domiciliaries should file a return, even if no tax due, for record purposes: this is evidence of intent to retain legal domicile in State.	S-\$15; M-\$30; D-\$10 each; \$15 additional if blind, 65 or older. Military-same as Federal, including combat-zone exclusion, plus all military pay excluded if on active duty more than 6 continuous months; filing extension granted on application.	Iowa Dept. of Revenue, Income Tax Division, Robert Lucas Bldg., Des Moines, Iowa 50319
KANSAS S-\$1,900 gross income, M-\$2,500 gross income	\$600 per exemption, plus partial credit for property taxes paid if 65 or older and meets income requirements. Military-same as Federal, including combat-zone exclusion, postponement for filing and paying, and abatement of tax for death resulting from combat-zone service; PW/MIA pay not taxable. First \$2,000 retired pay for 65 and over not taxable.	Director of Taxation, Income & Inheritance Tax Bureau, P.O. Box 692, Topeka, Kansas 66601

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
KENTUCKY S-\$1,200 gross income, M-\$2,500 gross income	\$20 for taxpayer, \$20 for spouse, \$20 each D, \$20 additional if taxpayer and spouse blind or older. Military-same as Federal, including combat-zone exclusion; military pay of PW/MIAs not taxable. Members may defer filing and payment until 12 months after termination of service. Retirement income up to \$4,000 may be excluded by those 50 or older.	Kentucky Dept. of Revenue, Box 740, Frankfort, Kentucky 40601
LOUISIANA-due May 15 S-\$2,500 net income, M-\$5,000 net income, or gross income of \$6,000 or more	S-\$2,500; M-\$5,000, \$400 each D (less 1 for head of family); \$1,000 per person, including dependents, who are blind, mentally retarded, deaf, or have lost a limb. Military-Disability retired pay is exempt.	Louisiana Collector of Revenue, Individual Income Tax Div., Baton Rouge, Louisiana 70821
MAINE Same as Federal, or Maine adjusted gross income of S-\$1,000, (\$2,000 if 65 or older); M-\$2,000 (plus \$1,000 for spouse 65 or older) Note: State law provides in part that a resident individual shall mean an individual who is domiciled in State unless he maintains no permanent place of abode in state, does maintain an abode elsewhere, and spends in the aggregate not more than 30 days of taxable year in State.	\$1,000 each exemption allowable on Federal income tax return. Military-same as Federal, including combat-zone exclusion.	Income Tax Division, Maine Bureau of Taxation, State Office Bldg., Augusta, Maine 04330
MARYLAND If required to file a Federal return or if Federal income plus Maryland additions exceed Federal requirements for filing.	S-\$800, M-\$1,600, \$800 each D, \$800 if blind, 65 or older (also for dependents 65 or older). Military-combat-zone exclusion same as Federal, members outside U.S. may defer filing until 3 months after return to U.S. Disability retired pay not to exceed "average annual benefit."	State of Maryland, Comptroller of the Treasury, Income Tax Div., Annapolis, Maryland 21401
MASSACHUSETTS Gross income of \$2,000	S-\$2,000, additional \$2,000 if blind, and additional \$600 if 65; M-\$2,600 joint return, plus an amount of wages or salary not exceeding \$2,000 of spouse having the smaller income; if M and filing separately, \$2,000; \$600 each D; tax credit of \$4 each taxpayer and spouse, \$8 each D, if income subject to tax is \$5,000 or less. Military-combat-zone exclusion same as Federal; extension may be granted; tax benefits granted to PW/MIAs.	Massachusetts Dept. of Corporations and Taxation, Income Tax Bureau, Government Center, Boston, Massachusetts 02204
MICHIGAN When Federal adjusted gross income exceeds amount of personal exemptions. Note: Some cities impose income taxes, but military pay is exempt by State law.	\$1,500 for each exemption on Federal return. Military-all military pay including retired pay is subtracted on member's income tax return. Extension may be granted.	Michigan Dept. of Treasury, Income Tax, P.O. Drawer H, Lansing, Michigan 48904

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
<p>MINNESOTA S-\$1,000 gross income, M-\$1,800 gross income, or if tax on taxable income exceeds the allowable credits.</p>	<p>S-\$21; M-\$42, \$21 each D; rent credits up to \$120; additional \$21 if single and blind, and additional \$25 if married and blind. Military-same as Federal, including combat-zone exclusion and postponement for filing and paying, plus specific exclusion of \$3,000 military pay and all mustering-out pay; additional \$2,000 exclusion for service wholly performed out of State; members out of U.S. have automatic extension until 6 months after return for filing and paying. Minnesota Vietnam bonus is not taxable.</p>	<p>Minnesota Dept. of Revenue, Income Tax Division, Centennial Office Bldg., St. Paul, Minnesota 55145</p>
<p>MISSISSIPPI Gross income in excess of personal exemption and standard deduction.</p>	<p>S-\$4,500; M-\$6,500, \$750 each D; additional \$750 if blind, 65, or older. Military-combat-zone and hostile-fire pay exclusion same as Federal; all PW/MIAs pay non-taxable; extension granted for good cause. First \$5,000 of retired pay is exempt.</p>	<p>State Tax Commission, Income Tax Division, Box 960, Jackson, Mississippi 39205</p>
<p>MISSOURI Every individual who has adjusted gross income of \$1,200, who is required to file a Federal income tax return. Note: State law defines "resident" as individual who is domiciled in State unless (1) he maintains no permanent place of abode in State, (2) he does maintain a permanent place of abode elsewhere, and (3) he spends in the aggregate not more than 30 days of taxable year in State. Tax return should be completed through line 16(b). Affidavit re: residency should be attached.</p>	<p>\$1,200 for self, \$1,200 for spouse, \$400 each D claimed on Federal return, \$800 additional if head of household or surviving spouse. Military-extensions of time on request, postponement for filing and paying up to 180 days after return from combat zone, abatement of taxes if member died in a combat zone or as a result of wounds, disease, or injury incurred in combat zone.</p>	<p>Missouri Dept. of Revenue, Income Tax Department, Jefferson City, Missouri 65101</p>
<p>MONTANA S-\$720 gross income, M-\$1,445 gross income, plus exemption if blind, or age 65</p>	<p>S-\$650; M-\$1,300, \$650 each D, \$650 additional if blind, 65, or older. Military-same as Federal, including combat-zone exclusion, first \$3,600 retired pay exempt, State veterans bonus exempt.</p>	<p>Department of Revenue, State Capitol Bldg., Helena, Montana 59601</p>
<p>NEBRASKA If required to file a Federal income tax return.</p>	<p>None, tax is 11 percent of Federal tax. \$13 food sales tax credit if in State more than 6 months of year. Military-same as Federal, including combat-zone exclusion and postponement for filing and paying.</p>	<p>Nebraska Dept. of Revenue, Box 94818, State Capitol, Lincoln, Nebraska 68509</p>
<p>NEW HAMPSHIRE—due May 1 Investment Income Tax—any amount of taxable interest or dividends. Commuter Income Tax—an income tax is imposed on nonresident commuters, but all military pay is exempt.</p>	<p>\$600 each taxpayer. Military-none.</p>	<p>State Department of Revenue Administration, Division of Interest and Dividends, Box 345, Concord, New Hampshire 03301</p>

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File	
NEW JERSEY	An income tax is imposed on individuals who work in New Jersey but reside in New York or Pennsylvania. All active duty military pay is exempt.		
NEW MEXICO Same as Federal.	Same as Federal. Military-same as Federal, including combat-zone exclusion, may defer filing and paying for 12 months on application, and extension automatic for Vietnam hospitalization or service.	New Mexico Bureau of Revenue, Returns Processing Division, P.O. Box 630, Santa Fe, New Mexico 87501	
NEW YORK	If Federal income tax return is required to be filed, or if State adjusted gross income exceeds exemptions, or if, for minimum income tax purposes, you have any items of tax preference in excess of specific deduction. Note: State law defines "resident" as an individual who is domiciled in State, unless maintaining no permanent place of abode in State, maintains a permanent place of abode elsewhere, and spends in the aggregate not more than 30 days of taxable year in State. Living in government quarters may qualify as maintaining a permanent place of abode; however a place of abode is not deemed permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose.	New York State Income Tax Bureau, State Campus, Albany, New York 12227. Service personnel should request New York State pamphlet MS-60 for complete information.	
NORTH CAROLINA	Gross income in excess of personal exemption without inclusion of exemption for dependents.	\$1,000 if single or married woman; \$2,000 if head of household, married man, widower or widow, with a minor child, or divorcee with custody or minor child and receiving no alimony or child support, \$600 each D, \$600 additional for D enrolled full time in institution of higher learning, \$2,000 additional if parent or guardian or D having IQ under 40. Military-combat-zone exclusion same as Federal, abatement of taxes if death result of combat duty, interest or penalty not assessed for taxes while member is in combat zone or hospitalized as result of such duty, first \$3,000 retired pay exempt, disability pay exempt, commencing 1974, reductions for Survivor Benefit Program and Retired Servicemen's Family Protection Plan are excludable from gross income.	North Carolina Dept. of Revenue, Individual Income Tax Div., P.O. Box 25,000, Raleigh, North Carolina 27640
NORTH DAKOTA	If required to file a Federal income tax return.	Same as Federal plus 1 extra exemption of \$300 if M and filing a joint return, head of household, or surviving spouse. Military-\$1,000 exclusion for active, Reserve, and National Guard service, members outside U.S. may defer filing and paying without penalty or interest until date Federal return due.	North Dakota State Tax Dept., State Capitol, Bismarck, North Dakota 58501

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
<p>OHIO Adjusted gross income in excess of exemptions. Note: Some cities impose income taxes, however, military pay is exempt.</p>	<p>\$500 for taxpayer, spouse, each D. Military-combat zone exclusion same as Federal; retired military pay of \$4,000 excluded.</p>	<p>Ohio Dept. of Taxation, Box 2679, Columbus, Ohio 43216</p>
<p>OKLAHOMA Same as Federal</p>	<p>S-\$750; M-\$1,500, \$750 each D. Military-first \$1,500 active duty or retired pay excluded, PW/MIA pay excluded, filing and payment deferred if member outside U.S. or hospitalized until 15th day of third month following return/discharge, extensions may be granted.</p>	<p>Oklahoma Tax Commission, Income Tax Division, Oklahoma City, Oklahoma 73191</p>
<p>OREGON If Federal return is required or income subject to Oregon income tax. Note: State law defines "resident" as an individual who is domiciled in State unless (1) he maintains no permanent place of abode in State, (2) he does maintain a permanent place of abode elsewhere, and (3) he spends in the aggregate not more than 30 days of taxable year in State.</p>	<p>Same as Federal as modified: \$675 per exemption, low income allowance to \$1,500 on joint return, \$50 credit for permanent loss of use of 2 limbs. Military-\$3,000 specific military pay exclusion plus Federal combat-zone exclusion and postponement for filing, taxpayer 65 or older may exclude \$2,400 retired military pay reduced dollar for dollar by earned income effective for tax years ending on or after September 9, 1971.</p>	<p>Oregon State Dept. of Revenue, Salem, Oregon, 97310</p>
<p>PENNSYLVANIA Any income. Note: State law defines a "resident" as an individual who is domiciled in State unless he (1) maintains no permanent place of abode in State for entire year, (2) maintains a permanent place of abode elsewhere for entire year, and (3) spends in the aggregate not more than 30 days of taxable year in State. Living in Government quarters is not considered as maintaining a permanent place of abode.</p>	<p>None Military-all military pay earned out of State is exempt effective Jan. 1, 1974, combat-zone pay is exempt, exemptions for filing may be granted, retired members should check on special tax provisions for economically underprivileged persons.</p>	<p>Dept. of Revenue, Personal Income Tax Bureau, State Capitol, Box 8111, Harrisburg, Pennsylvania 17129</p>
<p>PUERTO RICO Gross income in excess of: \$800 if S, \$2,000 if married.</p>	<p>S-\$800; M-\$2,000, \$600 each D who is not university student, \$1,000 each D who is university student, \$800 each D who is mentally or physically defective. Military-mustering payments are exempt, active service members during Vietnam conflict are allowed qualified special \$500 deduction during 10 years following honorable discharge.</p>	<p>Commonwealth of Puerto Rico, Dept. of Treasury, Bureau of Income Tax, P.O. Box 2501, San Juan, Puerto Rico 00903</p>

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
<p>RHODE ISLAND If required to file a Federal return. Note: State law defines in part that "resident" means an individual who is domiciled in State, unless he maintains no permanent place of abode in State, maintains a permanent place of abode elsewhere, and spends in the aggregate not more than 30 days of the taxable year in the State. The Tax Administrator has advised that "Rhode Island domiciliary Servicemen are deemed to be subject even though they spend no time in Rhode Island during a tax year."</p>	<p>Same as Federal. Military-same as Federal, including combat-zone exclusion.</p>	<p>Division of Taxation, Income Tax Section, 289 Promenade Street, Providence, Rhode Island 02908</p>
<p>SOUTH CAROLINA Gross income of \$800 or more.</p>	<p>S-\$800, M-\$1,600 if joint return, or if only one spouse has income, or if head of household, \$800 each D. Military-combat-zone exclusion same as Federal, PW/MIA pay exempt, tax abated if member dies as result of combat zone duty, \$1,200 of retired pay of members who retired with 20 or more years service is excluded.</p>	<p>South Carolina Tax Commission, Income Tax Division, Box 125, Columbus, South Carolina 29214</p>
<p>TENNESSEE Income over \$25 consisting of dividends from stock and interest from bonds.</p>	<p>Income of blind persons. Military-may defer filing until 90 days after return from combat zone or hospitalization as a result of income or disease incurred in such zone.</p>	<p>Tennessee Dept. of Revenue, Inheritance, Gift, and Income Tax Division, 830 Andrew Jackson State Office Bldg., Nashville, Tennessee 37242</p>
<p>UTAH If required to file a Federal return.</p>	<p>Same as Federal. Military-same as Federal, member outside the U.S. may obtain late filing penalty waiver if filing before earlier than 15th day of April after return to U.S. or discharge.</p>	<p>Utah State Tax Commission, State Office Bldg., Salt Lake City, Utah 84134</p>
<p>VERMONT If required to file a Federal income tax return and earned or received more than \$100 Vermont income. Note: State law provides that if a domiciliary (1) maintains a permanent place of abode outside State, (2) does not maintain one in Vermont during the entire taxable year, and (3) spends in the aggregate no more than 30 days of that taxable year in State, does not qualify for residency during any portion of that taxable year.</p>	<p>Same as Federal, plus tax credits for students, sales and use taxes, and low-income earners. Military-all active-duty pay exempt, Federal postponement provisions for filing and paying apply to Vermont.</p>	<p>Vermont Dept. of Taxes, Montpelier, Vermont 05602</p>

Least Income To File	Personal Exemptions/ Credits; Military Exclusions/Deferments in bold face	Where to Obtain Forms And File
VIRGINIA—due May 1 Same as Federal.	\$600 each personal exemption. Military-combat-zone exclusion same as Federal, filing and paying deferred during combat-zone duty or hospitalization outside the U.S. as result of such service plus next 180 days, first \$2,000 of Armed Forces retirement benefits to retirees who reach age 60 during tax year, and first \$1,500 of retirements benefits received by surviving spouse regardless of age are excluded.	Commissioner of Revenue, Director of Finance of the county or city of which taxpayer is resident.
WEST VIRGINIA If Federal return is required, or if West Virginia adjusted gross income exceeds exemptions. Note: State law, effective January 1, 1974, states a West Virginia domiciliary, a member of the Armed Forces, is exempt from paying State income tax on military pay if (1) he or she did not spend 30 days in the State in taxable year, and (2) such Armed Forces member maintained a permanent place of abode outside State. In connection with the second condition, it is the Tax Department's position that a permanent place of abode is maintained regardless of whether the Serviceman lived in private or Government quarters.	\$600 for each exemption on Federal Tax return. Military—same as Federal, including combat-zone exclusion and postponement for filing and paying, first \$4,000 of active duty pay and all retired pay excluded. See note—all three conditions must be met.	West Virginia State Commissioner, Income Tax Division, Charleston, West Virginia, 25305
WISCONSIN S—\$1,950 gross income, M—\$2,600 gross income Note: Declarations of estimated tax need not be filed by persons on active duty outside U.S.	Tax credits of \$20 each for taxpayer and spouse under 64, \$25 if 65 or older, \$20 each D, additional \$20 if head of household. Military—\$1,000 exclusion of active or active-reserve military pay or Fleet Reserve Retainer pay, combat-zone exclusion and postponement same as Federal, income of PW/MIA is exempt.	Wisconsin Dept. of Revenue, P.O. Box 59, Madison, Wisconsin 53701

Accurate Records Insure Proper Tax Returns

The law requires every taxpayer to maintain records that will enable him or her to prepare complete and accurate tax returns and insure that only the proper amount of tax is paid. Most of the questions which arise in the preparation and filing of income tax forms can be answered by pamphlets which are available from every Internal Revenue Service office. The maintenance of records, however, is an individual consideration and one which is of the utmost importance.

Although the law does not require any particular kind of records, what records are kept must be *permanent, accurate, and complete*. The records must clearly establish *income, deductions, credits, employee information, and other pertinent information*. Memoranda or sketchy records are not adequate. Records are essential and may lead to income tax savings. Here are some ways they may help:

- **Identify sources of income:** cash or property may be received from various sources. Unless records clearly identify receipts, individuals may be unable to substantiate that some part of the income is nontaxable.
- **Prevent omission of deductible expenses:** expenses may be overlooked when tax returns are prepared unless recorded at the time they were incurred or paid. An overlooked item of \$25 could cost \$3.50 or more in extra tax dollars.
- **Take advantage of capital gain and loss provisions:** if records are adequate and show the date an asset (whether or not it is depreciable) was acquired, what it was used for, and whether it was sold, traded, destroyed, or otherwise disposed of, a taxpayer may be able

to take advantage of the capital gain provisions. It may also be possible to postpone paying tax on certain gains, or to deduct certain losses that otherwise would not be deductible, or would be deductible only in part.

- **Explain items reported in income tax returns:** if an income tax return is audited by the IRS, disputed items may require complete explanations; sales slips, invoices, receipts, cancelled checks, and other documents always support adequate records and are essential for explanations.

- **Retention of Records:** Records must be retained as long as their contents may be material in the administration of any Internal Revenue Service law.

- Records that support an item of income or a deduction appearing on an individual's return should be kept until the "statute of limitations" expires for that return; *usually this is three years from the date of the return was due or filed, or two years from the date the tax was paid, whichever occurs later.*

- Some records *must be kept indefinitely*, as in the case of the purchase of a house where the individual will have to keep all the records concerning the property so that later when it is sold the owner can prove how much was paid for it, what was spent for repairs, etc.

- Records of transactions relating to the basis of property should be retained for as long as they are material in determining the basis of the original or replacement property; at times legislation is enacted that provides for relief for taxpayers

if they can establish facts that can be proven only by records of transactions in prior years.

- **Copies of the Previous Returns:** Copies of all previous income tax returns should be kept in permanent files. They will be an aid in preparing future tax returns and in making computations if the taxpayer later files a claim for a refund.

- **Accounting Periods:** Every taxpayer must compute taxable income and file an income tax return on the basis of a period called the "tax year." A tax year — usually 12 consecutive months — may be a calendar year or a fiscal year. If an individual files his or her first return as a wage earner and later starts a business as a sole proprietor (such as after military retirement), the business books must be set up on a calendar year basis unless permission is obtained from the Commissioner of Internal Revenue to change the accounting period.



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