

# CLIENT REPORT:

## IRS Tax Tips: Military Taxpayers

Dear Client:

As part of its Tax Tips series, the IRS has posted tax facts for members of the military and their families. These tax planning tips are designed to familiarize military members with tax opportunities and benefits available to them.

For instance, military personnel are entitled to an exemption for pay earned while on active duty, even as a noncombatant, in a combat zone. If your combat zone service is only for a portion of the month, none of your military pay received that month is taxable. At the same time, you have the option of increasing your earned income credit (EIC) by choosing to treat combat zone pay as earned income for EIC purposes.

National Guard and Reserve members who must travel more than 100 miles away from home while performing military service can take an above-the-line deduction for overnight travel expenses, subject to federal Government rate guidelines. Reservists who are ordered or called to active duty for more than 179 days are allowed to take penalty-free distributions from retirement plans, and may obtain a distribution of all or a portion of the balance in a health flexible spending arrangement.

The unreimbursed expenses of moving an active duty military family are deductible if they are related to a permanent change of station. Even if some family members move to or from separate locations, the moves are treated as a single move to a new principal job location for purposes of the moving expense deduction. Also, if you have recently separated from military service, you may be entitled to deduct job hunting and moving expenses as you make the transition back to civilian life.

These are a few highlights of the generous tax planning opportunities available to the military and their families. We would be happy to review these and other benefits with you at your convenience. Please call our office to arrange an appointment.

Sincerely yours,

**TICE ASSOCIATES, P.C.**

1709 W. Market St.  
York, PA 17404

Phone: 717-843-9572

Fax: 717-845-1590

Web: [www.ticeassociates.com](http://www.ticeassociates.com)

Reproduced with permission from CCH's Client Letter, published and copyrighted by CCH Incorporated, 2700 Lake Cook Road, Riverwoods, IL 60015.