

State Tax Withholding Exceptions

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Overview

General

This topic describes exceptions to normal state income tax withholding (SITW).

This guide is intended as a data entry reference for U.S. Coast Guard military servicing personnel offices (SPOs). It is not a comprehensive legal analysis of state tax law.

Members needing assistance with State Tax issues should contact their legal assistance office. Helpful information is also available in the *State Tax Guide - Intended as a reference for U.S. Military VITA program volunteers*, it provides basic information and contact points for state tax authorities. The guide is updated annually and can be found on the [webpage for the U. S. Navy Judge Advocate General's Corps](#).

Characteristics

There are several instances where SITW will not be withheld from a member's pay account. Each of these special instances requires extra care when completing data entry in Global Payroll.

Tip!

Refer to the *State Tax Guide - Intended as a reference for U.S. Military VITA program volunteers*, it provides basic information and contact points for state returns. The guide is updated annually and can be found on the [webpage for the U. S. Navy Judge Advocate General's Corps](#).

Note: If your SPO has entered an exemption from State Tax Withholding for you, **do not make any changes to your state tax withholding via self-service**. If you change your exemptions or marital status via self service the system will begin to withhold state taxes.

Special Tax Withholding Options Defined

Introduction This section provides definitions for the three special tax withholding options.

Characteristics There are three options in the Special Tax Withholding section of the State Tax Data tab. Here is how each option is treated by payroll:

Option	Payroll	Use when
None	<ul style="list-style-type: none"> • Income is subject to SITW. • Income is reported to the state and appears as state wages/earnings on the W-2. 	<p>Member is a resident of a state that has state income tax and the state does not exempt military pay (example 1) or the state exempts military pay but the member is not eligible for exemption from withholding (examples 2 and 3).</p> <p>Example 1: Member is a resident of Kansas. Example 2: Member is a resident of California and assigned to unit within the state. See Rule 2 below for more information.</p>
Do Not Maintain Taxable Gross and Do Not Withhold Tax	<ul style="list-style-type: none"> • Income is not subject to SITW. • Income is not reported to state and does not appear on the W-2. 	<p>Member is a resident of a state that doesn't have state income tax (example 1). Or, member is a resident of a state that has an exemption and treats military personnel as "non-residents" for state tax purposes AND the member isn't required to file a return to claim an exemption from state income tax (example 2).</p> <p>Example 1: Member is a resident of Alaska. See Rule 1 below for more information. Example 2: Member is a resident of Arizona and their only source of income is compensation received for active duty military service. See Rule 1 and States that have exemptions and do not require the member to file a return in certain circumstances. below for more information.</p>

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Special Tax Withholding Options Defined, Continued

Characteristics (continued)

Option	Payroll	Use when
Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"	<ul style="list-style-type: none"> • Income is not subject to SITW. • Income reported to state. • Income appears on the W-2. • Member may elect to have an additional amount withheld. 	Member is a resident of a state that has an exemption from withholding for military personnel and the member meets the requirements for the exemption. These states require the member to file a return to claim the exemption; therefore the income is reported to the state and appears on the W-2. Example: Member is a resident of Arkansas and is stationed outside the State of Arkansas. See Rule 2 below for more information.

Do Not Insert Rows on the State Tax Data Tab

Introduction This section provides an important warning which must be followed when updating State Tax Data.

Warning If you are changing a member's state tax withholding information, a new row must be inserted on the **Federal Tax Data tab first**. This will automatically create a new row on the State Tax tab for changes.

Always insert a new row on the Federal Tax Data tab to change State Tax withholding.

Federal Tax Data | State Tax Data

ID:

Company: ACG Company Name: Active CG

Federal Tax Data Find | View All First 1 of 2 Last

*Effective Date: 02/04/2015 + -

Do not insert rows in the State Tax Data tab.

Federal Tax Data | State Tax Data

Do not insert rows on the State Tax Data tab!

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 2 Last

Effective Date: 02/04/2015

State Information Find | View All First 1 of 2 Last

*State: KY Name: Kentucky + -

Rule 1: State / Territory Does Not Have Income Tax (On Military Pay)

Introduction

This section provides procedures for setting up State Tax Data when a member is not required to pay state income tax and PPC is not required to report the income to the state or territory. And when the state does not have an agreement with the federal government to withhold state income tax.

Rule 1 States / Territories

When the member's state of legal residence is a state that does not have a state income tax. These states/territories are:

- a. Alaska
 - b. Florida
 - c. Nevada
 - d. New Hampshire
 - e. South Dakota
 - f. Tennessee
 - g. Texas
 - h. Washington
 - i. Wyoming
 - j. Federated States of Micronesia (FM)
 - k. Republic of the Marshall Islands (MH)
 - l. Palau (PW)
-

States that have exemptions and do not require the member to file a return in certain circumstances

This setup may also be used for **Arizona, Colorado, Iowa, and Kentucky residents** who are not required to file a state tax return (see table below for Rule 2 states) and for **California, Connecticut, and New Jersey**, residents who are not assigned to a unit within that state and have no source income from that state, and are treated as non-residents for the purposes of SITW (See list below for Rule 3 states).

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Rule 1: State / Territory Does Not Have Income Tax, Continued

Rule 1 State Tax Data Setup For residents of rule 1 states, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax".

Federal Tax Data State Tax Data

ID:

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 1 Last

Effective Date: 01/05/2009 + -

State Information Find | View All First 1 of 1 Last

*State: FL Name: Florida + -

*SWT Marital Status: N/A Description: Not applicable

Withholding Allowances: 0

Resident

Non Residency Statement Filed

UI Jurisdiction

Special Tax Withholding

None

Do Not Maintain Taxable Gross and Do Not Withhold Tax

Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

Rule 2: State Exempts Military Income

Introduction This section provides procedures for setting up State Tax Data when a member is not required to pay state income tax and PPC is required to report the income to the state or territory.

Rule 2 States / Territories When the member’s state of legal residence has a state income tax, but exempts military income. These states are listed in the table which follows.

State	Exceptions	*Required to file to claim exemption?
Arizona		<p>Maybe. You must file if you meet the Arizona filing requirements unless all the following apply to you:</p> <ul style="list-style-type: none"> • You are an active duty member of the United States armed forces. • Your only income for the taxable year is compensation received for active duty military service. • There was no Arizona tax withheld from your active duty military pay. If Arizona tax was withheld from your active duty military pay, you must file an Arizona income tax return to claim any refund you may be due from that withholding. <p>You must also file an Arizona income tax return if you have any other income besides compensation received for active duty military pay and you meet the filing requirements.</p>
Arkansas		<p>Yes. If Arkansas is your Home of Record (HOR) and you are stationed outside the State of Arkansas, you are still required to file an AR1000F reporting all of your income, including U.S. Military Compensation. However, military compensation is exempt from Arkansas tax beginning in tax year 2014. (If you are stationed in Arkansas and your Home of Record is another state, Arkansas does not tax your U.S. Military Compensation.) U.S. Military compensation includes wages received by members of the Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, and Reserve Units.</p>

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Rule 2: State Exempts Military Income, Continued

Rule 2 States / Territories (continued)

State	Exceptions	*Required to file to claim exemption?
Colorado	Only for former residents of Colorado who "reacquired" Colorado Residency on or after 01/01/16. (Home of Record, must be Colorado and the member must have change state of legal residence to another state AND changed state of legal residence back to Colorado on or after 01/01/16.	<p>Maybe.</p> <p>For the tax year that begins on January 1, 2016, and for subsequent tax years, an active duty service person who has reacquired residency in Colorado need not file an individual income tax return with the State of Colorado if the individual's only source of income is compensation that is subtracted from federal taxable income.</p> <p>See https://www.colorado.gov/pacific/sites/default/files/Income21.pdf for more information.</p>
Illinois		<p>Yes.</p> <p>If you are an Illinois resident or part-year resident, you are required to file an Illinois return if you are required to file a federal return, or your Illinois base income is greater than your Illinois exemption allowance.</p>

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Rule 2: State Exempts Military Income, Continued

Rule 2 States / Territories (continued)

State	Exceptions	*Required to file to claim exemption?
Iowa	exemption only applies to active duty pay of regular and reserve members; it does <u>not</u> apply to drill pay received by reserve members	Maybe Provided the military member has no income other than military pay, he or she would not be required to file an Iowa income tax return.
Kentucky	exemption applies to active duty and drill pay, but it does <u>not</u> apply to pay received by cadets or academy preparatory students	Maybe. Provided the military member has no income other than military pay, he or she would not be required to file a Kentucky income tax return.

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Rule 2: State Exempts Military Income, Continued

Rule 2 States / Territories (continued)

State	Exceptions	*Required to file to claim exemption?
Michigan		<p>Yes.</p> <p>Regardless of where your income is earned you are considered a Michigan resident and are required to file a Michigan income tax return (MI-1040).</p> <p>Military pay is exempt from Michigan tax. However, most interest, dividends, capital gains and other income received is subject to Michigan income tax. You should file an MI-1040, Schedule 1 and Schedule W and subtract your military pay, to the extent it is included in federal adjusted gross income (AGI).</p>
Minnesota	<p>exemption applies to active duty pay and drill pay, but it does <u>not</u> apply to pay received by cadets or academy preparation students</p>	<p>Yes.</p> <p>Minnesota residents are allowed to exclude active duty military pay for services performed in Minnesota when determining if they meet the Minnesota individual income tax filing requirement, effective for tax years beginning after Dec. 31, 2010. Previous law allowed only active duty military pay for services performed outside Minnesota to be excluded when determining the filing requirement.</p>
Montana	<p>exemption applies to active duty pay and drill pay, but it does <u>not</u> apply to pay received by cadets or academy preparation students</p>	<p>Yes.</p> <p>If you are a Montana resident receiving military compensation that is included in your federal adjusted gross income, you can subtract your basic, special and incentive pay from your federal adjusted gross income that you receive from serving on active duty as a member of the regular armed forces.</p>

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Rule 2: State Exempts Military Income, Continued

Rule 2 States / Territories (continued)

State	Exceptions	*Required to file to claim exemption?
New Mexico	exemption only applies to active duty pay of regular and reserve members; it does <u>not</u> apply to drill pay received by reserve members and it does <u>not</u> apply to pay received by cadets or academy preparation students	Yes. Active duty income earned by active duty members of the armed forces is exempt from New Mexico's personal income tax. File a PIT-1 resident tax return and use a PIT-ADJ schedule to deduct any military active duty pay.
Oklahoma	exemption applies to active duty and drill pay, but it does <u>not</u> apply to pay received by cadets or academy preparatory students	Yes. Every Oklahoma resident who has sufficient gross income to require the filing of a federal income tax return is required to file an Oklahoma return, regardless of the source of income.

*Note: You need to refer to each state's individual income tax instructions if you earned income from civilian sources, interest, dividends, property, etc. This table generally assumes you had no other income taxable by your state of legal residence. Refer to the *State Tax Guide* - Intended as a reference for U.S. Military VITA program volunteers, it provides basic **information and contact points for state returns**. The guide is updated annually and can be found on the [webpage for the U. S. Navy Judge Advocate General's Corps](#).

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Rule 2: State Exempts Military Income, Continued

Rule 2 State Tax Data Setup When Member Qualifies for Exemption

For residents of rule 2 states, **who qualify for the exemption**, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Maintain Taxable Gross; SWT Zero unless specified in 'SWT Additional Withholding'". (This will result no SWT withholding. The member's income will be reported on the W-2 as state wages. If necessary, the member will file a state tax return to subtract/exclude the military income.)

Exception to the below for Arizona, Colorado, Iowa and Kentucky residents:

If the member is a resident of **Arizona, Colorado, Iowa, or Kentucky** and will not be required to file a state income tax return (listed in the table above). Then, follow the guidance for Rule 1 states and set the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax".

The screenshot shows a software interface for setting up state tax data. At the top, there are tabs for 'Federal Tax Data' and 'State Tax Data'. Below the tabs, the 'Company' is set to 'ACG' and the 'Company Name' is 'Active CG'. The 'Effective Date' is '02/04/2015'. The 'State Information' section includes: '*State:' set to 'KY', 'Name:' set to 'Kentucky', '*SWT Marital Status:' set to 'Single', and 'Description:' set to 'Single'. Under 'Withholding Allowances', the value is '2'. There are three checkboxes: 'Resident' (checked), 'Non Residency Statement Filed' (unchecked), and 'UI Jurisdiction' (checked). The 'Special Tax Withholding' section has three radio button options: 'None', 'Do Not Maintain Taxable Gross and Do Not Withhold Tax', and 'Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"'. The third option is selected and highlighted with a red box.

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Rule 2: State Exempts Military Income, Continued

**Rule 2 State
Tax Data Setup
When Member
Does Not
Qualify for the
Exemption**

For residents of rule 2 states, **who do not qualify for the exemption**, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "None".

Federal Tax Data State Tax Data

ID:

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 2 Last

Effective Date: 02/04/2015 + -

State Information Find | View All First 1 of 1 Last

*State: KY Name: Kentucky + -

*SWT Marital Status: Single Description: Single [?]

Withholding Allowances: 2

Resident

Non Residency Statement Filed

UI Jurisdiction

Special Tax Withholding

None

Do Not Maintain Taxable Gross and Do Not Withhold Tax

Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

Rule 3: State Allows Exemption of Military Income Earned Outside the State

Introduction This section provides procedures for setting up State Tax Data when a member is a resident of a state or territory that exempts military income earned while not assigned to a unit in the state or territory.

Rule 3 States / Territories When the member is a legal resident of one of the following states, is permanently assigned under military orders outside the geographical boundaries of the state, and the member claims exemption from SITW.

- a. **California** (if no other California income and stationed outside the state may select "Do not maintain taxable gross and do not withhold tax").
- b. **Connecticut** (if no other Connecticut income and stationed outside the state and is considered a "nonresident for income tax purposes" as defined below may select "Do not maintain taxable gross and do not withhold tax").
 - a. You did not maintain a permanent place of abode in Connecticut;
 - b. You maintained a permanent place of abode outside Connecticut; and
 - c. You spent 30 days or less in Connecticut.
- c. **Idaho** (must file a return to claim exemption).
- d. **Missouri** (must file a return to claim exemption).
- e. **New Jersey** (if no other New Jersey income and stationed outside the state and is considered a "nonresident for income tax purposes" as defined below, may select "*Do not maintain taxable gross and do not withhold tax*")
 - a. If your home of record (and domicile) is New Jersey and you are stationed outside the State and you are living aboard ship, in barracks, or billets, bachelor officer quarters, apartment, or house, and you do not intend to remain outside New Jersey, you remain a New Jersey resident for income tax purposes. You are not considered to be maintaining a permanent home outside New Jersey.
 - b. If you pay for and maintain an apartment or a home outside New Jersey, either by out-of-pocket payments or forfeiture of quarters allowance, that residence is considered a permanent home outside New Jersey. In this case, you will be considered a nonresident for income tax purposes.

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Rule 3: State Allows Exemption of Military Income Earned Outside the State, Continued

Rule 3 States / Territories (Cont'd)

- f. **New York** (if no other New York income and stationed outside the state and is considered a "nonresident for income tax purposes" as defined below, may select "Do not maintain taxable gross and do not withhold tax" See https://www.tax.ny.gov/pit/file/military_page.htm for more information).
 - a. You did not maintain any permanent place of abode in New York State during the tax year; and you maintained a permanent place of abode outside New York State during the entire tax year (Note: Barracks, bachelor officers' quarters, quarters assigned on vessels, or any structure that contains only bachelor/bachelorette-type quarters and does not contain facilities ordinarily found in a dwelling (such as facilities for cooking or bathing) generally do not qualify as permanent places of abode maintained by an individual in the military.); and you spent 30 days or less (any part of a day is a day for this purpose) in New York State during the tax year. Or,
 - b. You were in a foreign country for at least 450 days (any part of a day is a day for this purpose) during any period of 548 consecutive days; and you, your spouse (unless legally separated) and minor children spent 90 days or less (any part of a day is a day for this purpose) in New York State during this 548-day period; and during the nonresident portion of the tax year in which the 548-day period begins, and during the nonresident portion of the tax year in which the 548-day period ends, you were present in New York State for no more than the number of days which bears the same ratio to 90 as the number of days in such portion of the tax year bears to 548.
- g. **Ohio** (must file a return to claim exemption).
- h. **Oregon** (must file a return to claim exemption).
- i. **Pennsylvania** (must file a return to claim exemption).
- j. **Vermont** (must file a return to claim exemption).
- k. **West Virginia** (must file a return to claim exemption).

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Rule 3: State Allows Exemption of Military Income Earned Outside the State, Continued

Rule 3 State Tax Data Optional Withholding

For residents of rule 3 states, **who qualify for the exemption but desires to have an amount withheld (per pay period)**, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"" and an amount (per pay period) to be withheld must be entered in the *SWT Additional Withholding* section (The same as rule 2 states).

Federal Tax Data State Tax Data

ID:

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 2 Last

Effective Date: 02/04/2015 + -

State Information Find | View All First 1 of 1 Last

*State: KY Name: Kentucky

*SWT Marital Status: Single Description: Single

Withholding Allowances: 2

Resident

Non Residency Statement Filed

UI Jurisdiction

Special Tax Withholding

None

Do Not Maintain Taxable Gross and Do Not Withhold Tax

Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

SWT Additional Withholding

Amount: \$100.00

Percentage:

Special Tax Other

Rule 4: Resident of Puerto Rico

Introduction This section provides State Tax Data Setup for members who are residents of Puerto Rico.

Rule 4 State Tax Data Setup for Residents of Puerto Rico There are special income tax withholding requirements for certain federal agencies that have employees who work in the Commonwealth of the Northern Mariana Islands (CNMI) or Puerto Rico. The U.S. Treasury Department has entered into agreements under 5 U.S.C. Section 5517 ("5517 Agreements") with the CNMI and with Puerto Rico that require certain federal employers to withhold U.S. territorial income taxes (rather than U.S. federal income taxes) on certain employees. The 5517 Agreements apply to all executive agencies, military departments, and the Postal Service.

Effective 1 January 2017, Direct Access will systematically change all members with Puerto Rico and Northern Mariana Islands as their state of legal residence to the following tax withholdings:

- Federal: Special Tax Withholding set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax"
- State: Special tax Withholding set to "None".

No other special tax withholdings will be permitted.

Federal Tax Data State Tax Data

ID:

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 2 Last

Effective Date: 02/04/2015

State Information Find | View All First 1 of 1 Last

*State: KY Name: Kentucky

*SWT Marital Status: Single Description: Single

Withholding Allowances: 2

Resident

Non Residency Statement Filed

UI Jurisdiction

Special Tax Withholding

None

Do Not Maintain Taxable Gross and Do Not Withhold Tax

Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

Continued on next page

Rule 4: Resident of Puerto Rico, Continued

**Rule 4 Federal
Tax Data Setup
for Residents of
Puerto Rico**

Federal: Members with home of record of PR should not have federal wages reported. Ensure Federal taxes are set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax" under the "Special Tax Withholding".

Rule 5: Resident of the Commonwealth of Northern Marianas Islands

Introduction This section provides the State Tax Data setup for Residents of the Commonwealth of Northern Marianas Islands.

Rule 5 State Tax Data Setup There are special income tax withholding requirements for certain federal agencies that have employees who work in the Commonwealth of the Northern Mariana Islands (CNMI) or Puerto Rico. The U.S. Treasury Department has entered into agreements under 5 U.S.C. Section 5517 ("5517 Agreements") with the CNMI and with Puerto Rico that require certain federal employers to withhold U.S. territorial income taxes (rather than U.S. federal income taxes) on certain employees. The 5517 Agreements apply to all executive agencies, military departments, and the Postal Service.

Effective 1 January 2017, Direct Access will systematically change all members with Puerto Rico and Northern Mariana Islands as their state of legal residence to the following tax withholdings:

- Federal: Special Tax Withholding set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax"
- State: Special tax Withholding set to "None".

No other special tax withholdings will be permitted.

The screenshot shows a software interface for setting up State Tax Data. At the top, there are tabs for 'Federal Tax Data' and 'State Tax Data'. Below the tabs, the 'Company' is 'ACG' and the 'Company Name' is 'Active CG'. The 'Effective Date' is '02/04/2015'. The 'State Information' section includes:

- *State: KY (Kentucky)
- *SWT Marital Status: Single
- Withholding Allowances: 2
- Resident:
- Non Residency Statement Filed:
- UI Jurisdiction:

 The 'Special Tax Withholding' section has three radio button options:

- None (highlighted with a red box)
- Do Not Maintain Taxable Gross and Do Not Withhold Tax
- Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

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Rule 5: Resident of the Commonwealth of Northern Marianas Islands, Continued

**Rule 4 Federal
Tax Data Setup
for Residents of
the
Commonwealth
of Northern
Marians
Islands**

Federal: Members with home of record of the Commonwealth of Northern Marianas Islands should not have federal wages reported. Ensure Federal taxes are set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax" under the "Special Tax Withholding".

Rule 6: Native American Claiming Legal Residence on a Recognized Tribal Reservation

Introduction This section provides the State Tax Data setup to use when a member is a Native American, and claims legal residence on a recognized tribal reservation.

Rule 6 State Tax Data Setup For Native Americans claiming legal residence on a recognized tribal reservation, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax".

Federal Tax Data State Tax Data

ID:

Company: ACG Company Name: Active CG

State Tax Data Find | View All First 1 of 1 Last

Effective Date: 02/04/2015 + -

State Information Find | View All First 1 of 1 Last

*State: GU Name: Guam

*SWT Marital Status: Single Description: Single

Withholding Allowances: 0

Resident

Non Residency Statement Filed

UI Jurisdiction

Special Tax Withholding

None

Do Not Maintain Taxable Gross and Do Not Withhold Tax

Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"

SWT Additional Withholding

Rule 7: Legal Resident of Guam, the Virgin Islands or American Samoa

Introduction This section provides the State Tax Data setup for residents of Guam, the Virgin Islands, or American Soma.

Rule 7 State Tax Data Setup When a member is a legal resident of Guam, the Virgin Islands or American Samoa they are not authorized to have state tax withheld.

For residents of rule 7 territories, the *Special Tax Withholding* section of the **State Tax Data** tab is set to "Do Not Maintain Taxable Gross and Do Not Withhold Tax".

The screenshot displays the 'State Tax Data' configuration interface. At the top, there are tabs for 'Federal Tax Data' and 'State Tax Data'. The 'Company' is identified as 'ACG' and the 'Company Name' as 'Active CG'. The 'Effective Date' is '02/04/2015'. Under 'State Information', the state is set to 'GU' (Guam) with a name of 'Guam' and a marital status of 'Single'. The 'Withholding Allowances' are set to '0'. There are checkboxes for 'Resident', 'Non Residency Statement Filed', and 'UI Jurisdiction', with 'UI Jurisdiction' checked. The 'Special Tax Withholding' section has three radio button options: 'None', 'Do Not Maintain Taxable Gross and Do Not Withhold Tax' (which is selected and highlighted with a red box), and 'Maintain Taxable Gross; SWT Zero unless specified in "SWT Additional Withholding"'. The bottom of the form shows a partially visible 'SWT Additional Withholding' section.

Combat Tax Exclusion Applies

Discussion

When a member qualifies for combat tax exclusion the **system** will exclude allowable income from state tax withholding/reporting.
