

E-MAIL ALSPO I/07

SUBJ: STATE TAX EXEMPTION STATUS FOR OHIO RESIDENTS

Ref: (a) [COGARD PSC TOPEKA \(CSD\) MSG R 121832 Z SEP 07](#)
(b) [Personnel and Pay Procedures Manual, PSCINST M1000.2\(series\)](#), Chap 8B

Introduction This E-mail ALSPO message announces new legislation enacted by the State of Ohio and provides procedures for withholding state income tax for active duty members claiming Ohio as their state of legal residence. Units were notified of this change in reference (a).

Discussion Beginning with tax year 2007, if a member (who maintains Ohio as their state of domicile/legal residence) is on active duty in the armed forces of the United States, they are considered a nonresident of Ohio for income tax purposes for the period of time they are stationed outside of Ohio.

The following circumstances apply:

- If in 2007 a member on active duty in the military served outside of Ohio, but had Ohio taxes withheld from their wages, they are required to file a 2007 Ohio Individual Tax Return (Ohio form IT 1040 or IT 1040 EZ) to claim a refund of the Ohio tax that was withheld.
- If in 2007 a member on active duty in the armed forces served outside of Ohio and midway through the year they were discharged returning to Ohio, they would be considered a part-year resident.

Note: If a member is stationed in Ohio and does not claim domicile in another state or territory they would retain their Ohio residency and be liable to pay Ohio tax on all of their income, including their military pay.

Procedures Members who were residents of Ohio during tax year 2007, but stationed outside the state, can receive a refund of Ohio taxes withheld during 2007 by filing a 2007 Ohio Individual Income Tax Return.

For tax year 2008, Ohio residents who are stationed outside the state should take the following action:

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Procedures
(Cont'd)

Ohio residents on active duty and not assigned to a unit in Ohio may request an exemption from state income tax withholding. To qualify for the exemption, the member must complete form [IT 4-MIL](#) in full, sign it and submit it to his/her SPO. Ohio form IT-4-MIL is available at:

http://tax.ohio.gov/documents/forms/ohio_individual/individual/2007/IT_IT4MIL.pdf

The SPO will enter the exemption in accordance with the Direct Access [State Tax Withholding Data Entry Procedures](#) upon receipt of the [IT 4-MIL](#) from the member.

- The SPO shall indicate “Exempt and do not withhold tax” in the Special Tax Status block of the [State Tax Data 1](#) page .

Example State Tax Entry Showing Exemption:

[Home](#) > [Compensate Employees](#) > [Maintain Payroll Data \(US\)](#) > [Use](#) > [Employee Tax Data](#)

Federal Tax Data 1 Federal Tax Data 2 Federal Tax Data 3 State Tax Data 1 State Tax Data 2

Theresa A. ID: 593
Company: CGA Active Coast Guard Employees

Effective Date: 09/04/2007

State Info. *State: OH Graduated Tax Tbls-Allowances
 Resident Non-Residency Statement Filed UI Jurisdiction

Special Tax Status
 None Exempt and do not withhold tax Native American
 Maintain gross taxable; SWT will be zero unless specified in 'Additional Withholding' below

Marital Status: 1 Single or married claim single

Withholding Allowances: 1

Additional Amount Adjustment
Amount: Increase Decrease
Percentage:

Lock-In Details
 Letter Received
Limit On Allowances: 0

Note: Members **cannot** use Direct Access Self-Service to make this change. Self-Service only provides the ability to change the number of allowances, additional withholding amount and marital status.

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Directives Affected Ohio state tax exemption rules for active duty military personnel will be incorporated into the next change to reference (b).

Filing 2007 Ohio Individual Income Tax Returns The Ohio Department of Taxation website is located at <http://tax.ohio.gov/>. 2007 state income tax forms will be available in January 2008. The website also offers “I-File”, which is the Ohio Department of Taxation's on-line service for filing returns electronically.

Questions Questions regarding the content of this E-Mail ALSPO may be directed to PSC Customer Care at:

 (785) 339-2200
 <http://www.uscg.mil/hq/psc/customerservice.shtm> or
PSC-CustomerCare@uscg.mil

Released by Internet release authorized.

/s/
M. P. SULLIVAN
Executive Director