



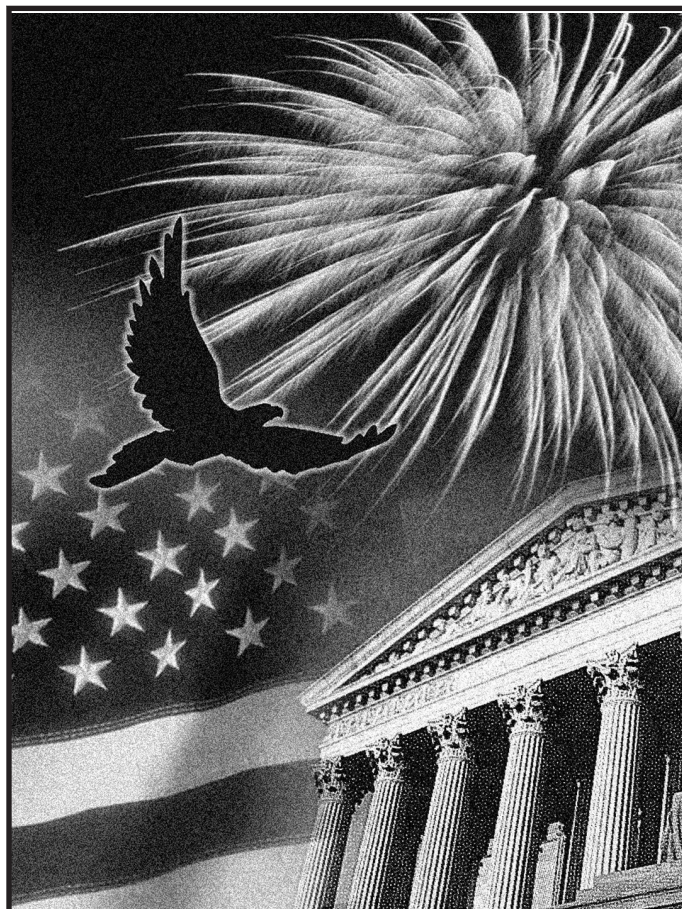
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# Armed Forces' Tax Guide

For use in preparing

**2018** Returns



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## What's New

**Personal exemption suspended.** For 2018, you can't claim a personal exemption for yourself, your spouse, or your dependents.

**Increased child tax credit and additional child tax credit.** For 2018, the maximum child tax credit is increased to \$2,000 per qualifying child. The maximum amount of additional child tax credit is increased to \$1,400 per qualifying child. In addition, the threshold at which the credit begins to phase out is increased to \$200,000 (\$400,000 if married filing jointly).

**Credit for other dependents.** A new credit of up to \$500 is available for each of your dependents who don't qualify for the child tax credit. In addition, the maximum income threshold at which the credit begins to phase out is increased to \$200,000 (\$400,000 if married filing jointly).

**Social security number (SSN) required for child tax credit.** Your child must have an SSN valid for employment issued before the due date of your 2018 return (including extensions) to be claimed as a qualifying child for the child tax credit or additional child tax credit. If your child has an ITIN, but not an SSN, issued before the due date of your 2018 return (including extensions), you may be able to claim the new credit for other dependents for that child.

**Limitation on the deduction for state and local taxes.** You can't deduct more than \$10,000 (\$5,000 if married filing separately) of your total state and local taxes, including income taxes (or general sales taxes), real estate taxes, and personal property taxes. See the Instructions for Schedule A (Form 1040) for more information.

**Limitation on deduction for home mortgage interest.** You may be able to deduct mortgage interest on the first \$750,000 (\$375,000 if married filing separately) of indebtedness incurred after December 15, 2017. See the Instructions for Schedule A (Form 1040) for more information.

**No deduction for home equity loan interest.** No matter when the indebtedness was incurred, you can no longer deduct interest from a loan secured by your home to the extent the loan proceeds weren't used to buy, build, or improve your home. See the Instructions for Schedule A (Form 1040) for more information.

**No miscellaneous itemized deductions allowed.** You can no longer claim any miscellaneous itemized deductions, including the deduction for unreimbursed job expenses. Miscellaneous itemized deductions are those deductions that would have been subject to the 2%-of-adjusted-gross-income limit.

**Qualified business income deduction.** Beginning in 2018, you may be able to deduct up to 20% of your qualified business income from your qualified trade or business, plus 20% of your qualified REIT dividends and qualified PTP income. The deduction can be taken in addition to your standard deduction or itemized deductions. For more information, see the instructions for line 9 of Form 1040 and Pub. 535.

**Moving expense deduction suspended, except for certain Armed Forces members.** Beginning in 2018, the moving expense deduction is suspended except if you are a member of the Armed Forces on active duty and, due to a military order, you move because of a permanent change of station.

**Domestic Production Activities Deduction (DPAD).** The DPAD has been repealed for tax years beginning after 2017 with limited exceptions. See the Instructions for Form 8903 for more information.

**Due date of return.** File Form 1040 by April 15, 2019. If you live in Maine or Massachusetts, you have until April 17, 2019, because of the Patriots' Day holiday in those states and the Emancipation Day holiday in the District of Columbia.

**Standard mileage rates for 2018.** The rate for the cost of operating your car for business use is 54.5 cents per mile. The rate for operating your car to get medical care or to move is 18 cents per mile. The rate for charitable use of your vehicle is still 14 cents per mile.

**Residence election of civilian spouse.** Beginning in 2018, if you are the civilian spouse of an active duty U.S. military servicemember, you may elect to have the same tax residence as the servicemember.

## Reminders

**Future developments.** For the latest information about developments related to Pub. 3, such as legislation enacted after it was published, go to [IRS.gov/Pub3](https://www.irs.gov/pub3).

**Change of address.** If you change your mailing address, be sure to notify the IRS using Form 8822, Change of Address. Mail it to the Internal Revenue Service Center for

your old address. (Addresses for the Service Centers are on the back of the form.) Use Form 8822-B, Change of Address or Responsible Party—Business, if you are changing a business address.

**Third party designee.** You can check the “Yes” box in the *Third Party Designee* area of your return to authorize the IRS to discuss your return with your preparer, a friend, a family member, or any other person you choose. This allows the IRS to call the person you identified as your designee to answer any questions that may arise during the processing of your tax return. It also allows your designee to perform certain actions. See your income tax return instructions for details.

**Photographs of missing children.** The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

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## Introduction

This publication covers the special tax situations of active members of the U.S. Armed Forces.

For federal tax purposes, the U.S. Armed Forces includes commissioned officers, warrant officers, and enlisted personnel in all regular and reserve units under control of the Secretaries of the Defense, Army, Navy, and Air Force. The U.S. Armed Forces also includes the Coast Guard. The Public Health Service and the National Oceanic and Atmospheric Administration also can receive many of the same tax benefits. The U.S. Armed Forces doesn't include the U.S. Merchant Marine or the American Red Cross.

Members serving in an area designated or treated as a [combat zone](#) are granted special tax benefits. In the event an area ceases to be a combat zone, the IRS will do its best to notify you. Many of the relief provisions will end at that time.

**What isn't covered in this publication.** This publication doesn't cover military retirement pay or veterans' benefits (except those discussed under [Disability Severance Payments to Veterans](#), later) or give the basic tax rules that apply to all taxpayers. For information on military retirement pay or veterans' benefits, see Pub. 525, Taxable and Nontaxable Income. If you need the basic tax rules or information on another subject not covered here, you can check our other free publications.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can send us comments from [IRS.gov/OrderForms](#). Or you can write to:

Internal Revenue Service  
Tax Forms and Publications  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

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**Tax questions.** If you have a tax question not answered by this publication, check IRS.gov and *How To Get Tax Help* at the end of this publication.

## Useful Items

You may want to see:

### Publication

- 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 463 Travel, Gift, and Car Expenses
- 501 Dependents, Standard Deduction, and Filing Information
- 503 Child and Dependent Care Expenses
- 505 Tax Withholding and Estimated Tax
- 516 U.S. Government Civilian Employees Stationed Abroad
- 519 U.S. Tax Guide for Aliens
- 521 Moving Expenses
- 523 Selling Your Home
- 525 Taxable and Nontaxable Income
- 527 Residential Rental Property
- 529 Miscellaneous Deductions
- 559 Survivors, Executors, and Administrators
- 590-A Contributions to Individual Retirement Arrangements (IRAs)
- 590-B Distributions from Individual Retirement Arrangements (IRAs)
- 596 Earned Income Credit (EIC)
- 970 Tax Benefits for Education
- 3920 Tax Relief for Victims of Terrorist Attacks

### Form (and Instructions)

- 1040X Amended U.S. Individual Income Tax Return



- 1310 Statement of Person Claiming Refund Due a Deceased Taxpayer
- 2555 Foreign Earned Income
- 2555-EZ Foreign Earned Income Exclusion
- 2848 Power of Attorney and Declaration of Representative
- 3903 Moving Expenses
- 4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
- 8822 Change of Address
- 8822-B Change of Address or Responsible Party—Business
- 9465 Installment Agreement Request

See [How To Get Tax Help](#) at the end of this publication for information about getting IRS publications and forms.

## Gross Income

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income.

### Items Included in Gross Income

You must report the items listed in [Table 1](#) as gross income on your tax return unless the pay is for service in a combat zone. For pay for service in a combat zone, refer to [Table 2](#). The items in Table 1 are taxable. The list in Table 1 isn't exclusive. Also see [Income Items of Special Interest](#), later.

### Items Excluded From Gross Income

Items in [Table 2](#) aren't includible in your gross income though you may have to report them on your income tax return. The list in Table 2 isn't exclusive. See your tax return instructions for more information on specific items. Also see [Income Items of Special Interest](#), later.

**Combat pay.** You also may be able to exclude pay for service in a combat zone even though that pay would otherwise be taxable. For information on the exclusion of pay for service in a combat zone and other tax benefits for combat zone participants, see [Combat Pay Exclusion and Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#), later.

**TIP** **Retroactive determination of nontaxable disability severance payments.** *The Combat-Injured Veterans Tax Fairness Act of 2016 gives certain veterans who received disability severance payments after January 17, 1991, additional time to file claims for a credit or refund relating to overpayments attributable to these payments. Veterans affected by this legislation should receive a notice in July 2018 from the Department*

*of Defense (DoD).* See [Disability Severance Payments to Veterans](#), later.

## Income Items of Special Interest

**Death gratuity to a survivor.** Any death gratuity paid to a survivor of a member of the Armed Forces is excluded from the survivor's gross income.

**Can I deduct expenses paid with my excluded basic allowance for housing (BAH)?** As noted in Table 2, BAH is excluded from income. This doesn't prevent you from deducting certain expenses paid for with your BAH. You still may be able to deduct mortgage interest and real estate taxes on your home if you pay these expenses with your BAH. See the Instructions for Schedule A of your tax return.

**Differential wage payments.** Differential wage payments are taxable. They aren't treated as combat pay even if the individual was in a combat zone.

**What are differential wage payments?** Differential wage payments are payments made by an employer (other than the Armed Forces) to an individual. They are paid for a period during which the individual performed services in the uniformed services while on active duty for a period of more than 30 days. These payments represent all or a portion of the wages the individual would have received from the employer if the individual had been performing services for the employer during that period.

**Military base realignment and closure benefits.** Military base realignment and closure benefits paid under the Homeowners Assistance Program (HAP) generally are excluded from income. However, for any property, the sum of all your payments can't be more than the maximum amount described in subsection (c) of 42 U.S.C. 3374 as in effect on November 6, 2009. You must include in income the excess over this maximum amount. For more information about the HAP, see <https://www.usace.army.mil/Missions/Military-Missions/Real-Estate/HAP/>.

**Qualified reservist distribution (QRD).** The portion of your QRD reported by your employer as wages on Form W-2, Wage and Tax Statement, is included in your gross income and is taxable. The amount reported should be the QRD reduced by the after-tax contributions to your health flexible spending arrangement. This amount also is subject to employment taxes.

**What is a QRD?** A QRD is a distribution to an individual of all or part of the individual's balance in a cafeteria plan or health flexible spending arrangement if:

- The individual was a reservist who was ordered or called to active duty for more than 179 days or for an indefinite period, and
- The distribution is made no sooner than the date the reservist was ordered or called to active duty and no later than the last day reimbursements could otherwise be made under the arrangement for the

## Table 1. Items Included in Gross Income

These items are included in gross income, unless the pay is for service in a combat zone.

<b>Basic pay</b>	<ul style="list-style-type: none"> <li>• Active duty</li> <li>• Attendance at a designated service school</li> <li>• Back wages</li> <li>• Cadet/midshipman pay</li> <li>• Drills</li> <li>• Reserve training</li> <li>• Training duty</li> </ul>
<b>Special pay</b>	<ul style="list-style-type: none"> <li>• Aviation career incentives</li> <li>• Career sea</li> <li>• Diving duty</li> <li>• Foreign duty (outside the 48 contiguous states and the District of Columbia)</li> <li>• Foreign language proficiency</li> <li>• Hardship duty</li> <li>• Hostile fire or imminent danger</li> <li>• Medical and dental officers</li> <li>• Nuclear-qualified officers</li> <li>• Optometry</li> <li>• Other Health Professional Special Pays (for example, nurse, physician assistant, social work, etc.)</li> <li>• Pharmacy</li> <li>• Special compensation for assistance with activities of daily living (SCAADL)</li> <li>• Special duty assignment pay</li> <li>• Veterinarian</li> <li>• Voluntary Separation Incentive</li> </ul>
<b>Bonus pay</b>	<ul style="list-style-type: none"> <li>• Career status</li> <li>• Continuation pay</li> <li>• Enlistment</li> <li>• Officer</li> <li>• Overseas extension</li> <li>• Reenlistment</li> </ul>
<b>Incentive pay</b>	<ul style="list-style-type: none"> <li>• Submarine</li> <li>• Flight</li> <li>• Hazardous duty</li> <li>• High Altitude/Low Opening (HALO)</li> </ul>
<b>Other pay</b>	<ul style="list-style-type: none"> <li>• Accrued leave</li> <li>• CONUS COLA</li> <li>• High deployment per diem</li> <li>• Personal money allowances paid to high-ranking officers</li> <li>• Student loan repayment from programs such as the Department of Defense Educational Loan Repayment Program when year's service (requirement) isn't attributable to a combat zone</li> </ul>
<b>In-kind military benefits</b>	<ul style="list-style-type: none"> <li>• Personal use of a government-provided vehicle</li> </ul>

plan year which includes the date of the order or the call to duty.

**Uniformed Services Traditional Thrift Savings Plan (TSP) distributions.** If you participate in the Uniformed Services Traditional TSP and receive a distribution from your account, the distribution is generally included in your taxable income unless your contributions included tax-exempt combat pay.

If your contributions included tax-exempt combat pay, the part of the distribution attributable to those contributions is tax exempt. However, the earnings on the tax-exempt portion of the distribution are taxable. The TSP will

provide a statement showing the taxable and nontaxable portions of the distribution. For more information on TSP distributions, see TSP-536, Important Tax Information About Payments From Your TSP Account.

**Roth Thrift Savings Plan (TSP) balance.** Roth TSP contributions are included in your income. They are after-tax contributions and are subject to the same contribution limits as the traditional TSP. Qualified distributions from a Roth TSP aren't included in your income. For more details, see *Thrift Savings Plan* in Part II of Pub. 721, Tax Guide to U.S. Civil Service Retirement Benefits.

## Table 2. Items Excluded From Gross Income

The exclusion for certain items applies whether the item is furnished in kind or is a reimbursement or allowance.

<b>Combat pay</b>	<ul style="list-style-type: none"> <li>• Compensation for active service while in a combat zone (See <a href="#">Combat Pay Exclusion</a>, later) <b>Note.</b> The exclusion for certain officers is limited. See <a href="#">Commissioned officers (other than commissioned warrant officers)</a>, later.</li> </ul>
<b>Other pay</b>	<ul style="list-style-type: none"> <li>• Certain amounts received under the Armed Forces Health Professions Scholarship and Financial Assistance Program payments</li> <li>• Certain disability retirement pay, including payments received for injuries incurred as a direct result of a terrorist or military action</li> <li>• Disability severance payments (See <a href="#">Disability Severance Payments to Veterans</a>, later)</li> <li>• Group-term life insurance</li> <li>• Professional education</li> <li>• ROTC educational and subsistence allowances</li> <li>• State bonus pay for service in a combat zone (See <a href="#">State bonus payments</a>, later)</li> <li>• Survivor and retirement protection plan premiums</li> <li>• Uniform allowances</li> </ul>
<b>Death allowances</b>	<ul style="list-style-type: none"> <li>• Burial services</li> <li>• Death gratuity payments to eligible survivors</li> <li>• Travel of dependents to burial site</li> </ul>
<b>Family allowances</b>	<ul style="list-style-type: none"> <li>• Certain educational expenses for dependents</li> <li>• Emergencies</li> <li>• Evacuation to a place of safety</li> <li>• Separation</li> </ul>
<b>Living allowances</b>	<ul style="list-style-type: none"> <li>• BAH (Basic Allowance for Housing) (See also <a href="#">Can I deduct expenses paid with my excluded basic allowance for housing (BAH)</a>, later)</li> <li>• BAS (Basic Allowance for Subsistence)</li> <li>• Housing and cost-of-living allowances abroad paid by the U.S. Government or by a foreign government</li> <li>• OHA (Overseas Housing Allowance)</li> </ul>
<b>Moving allowances</b>	<ul style="list-style-type: none"> <li>• Dislocation</li> <li>• Military base realignment and closure benefit (See <a href="#">Military base realignment and closure benefits</a>, later)</li> <li>• Move-in housing</li> <li>• Moving household and personal items</li> <li>• Moving trailers or mobile homes</li> <li>• Storage</li> <li>• Temporary lodging and temporary lodging expenses</li> </ul>
<b>Travel allowances</b>	<ul style="list-style-type: none"> <li>• Annual round trip for dependent students</li> <li>• Leave between consecutive overseas tours</li> <li>• Reassignment in a dependent restricted status</li> <li>• Transportation for you or your dependents during ship overhaul or inactivation</li> <li>• Per diem</li> </ul>
<b>In-kind military benefits</b>	<ul style="list-style-type: none"> <li>• Dependent-care assistance program</li> <li>• Defense counsel services</li> <li>• Legal assistance</li> <li>• Medical/dental care</li> <li>• Commissary/exchange discounts</li> <li>• Space-available travel on government aircraft</li> <li>• Uniforms furnished to enlisted personnel</li> </ul>

**What is a Roth TSP balance?** The TSP known as the Roth TSP lets you invest in a designated Roth account through a TSP. Your Roth TSP balance is the portion of your TSP you have designated as Roth. To learn more about Roth TSP balances, see TSP-536.

**State bonus payments.** A state bonus payment will be treated as combat pay and may not be taxable if it is made because of your current or former service in a combat zone. See [Combat Zone Defined](#), later, for a list of designated combat zones.

**What are state bonus payments?** A state bonus payment is a bonus payment made to you or to your dependent(s) by a state (or a political subdivision of a state).

## Disability Severance Payments to Veterans

Veterans discharged from military service due to medical disability may receive a one-time lump sum severance payment. If you received a disability severance payment that was taxed to you, and either the amounts received were by reason of a combat-related injury or the Department of Veterans Affairs (VA) later determined that you were entitled to receive disability compensation, your severance payment isn't taxable and you can file a claim for credit or refund using Form 1040X for the tax year in which the disability severance payment was received and included in income on your tax return.

For more information about amending prior year returns to take advantage of this change, see the Instructions for Form 1040X. For the latest information relating to Form 1040X, go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X).

**Retroactive determination of nontaxable disability severance payments.** The Combat-Injured Veterans Tax Fairness Act of 2016 gives certain veterans who received disability severance payments after January 17, 1991, additional time to file claims for credit or refund to recover tax overpayments attributable to their disability severance payments. Veterans affected by this legislation should have received a notice in July 2018 from the Department of Defense (DoD) reporting the amount of disability severance payments.

**How do I file a claim for a refund of an overpayment attributable to my disability severance pay?** The notice from the DoD includes an explanation of how to file a claim, including a simplified method for making the claim. The IRS has worked closely with the DoD to produce these notices, explaining how veterans should claim the related tax refunds.

You can submit a claim based on the actual amount of your disability severance payment by completing Form 1040X. However, you can choose instead to claim a standard refund amount based on the calendar year in which you received the severance payment. Write "Disability Severance Payment" on line 15 of Form 1040X and enter on lines 15 and 22 the standard refund amount listed below that applies.

- \$1,750 for tax years 1991 through 2005.
- \$2,400 for tax years 2006 through 2010.
- \$3,200 for tax years 2011 through 2016.

Claiming the standard refund amount is the easiest way for you to claim a refund, because you don't need to access the original tax return from the year of your lump-sum disability severance payment.

Enter "Veteran Disability Severance" or "St. Clair Claim" across the top of Form 1040X, page 1, and attach a copy of the notice from the DoD about the disability severance payment. If you didn't receive the DoD notice, you must

include documentation showing the exact amount of and reason for your disability severance payment and a copy of either the VA determination letter confirming your disability or a determination that your injury or sickness was either incurred as a direct result of armed conflict, while in extra-hazardous service, or in simulated war exercises, or was caused by an instrumentality of war. Documentation showing the exact amount of and reason for your disability severance payment may include a letter from the Defense Finance and Accounting Services (DFAS) or your Form DD214 explaining the severance payment at the time of the payment. If you don't have the required documentation showing the exact amount of and reason for your disability severance payment, visit [www.dfas.mil/dsp\\_irs](https://www.dfas.mil/dsp_irs) to learn how to obtain it.



*In addition to the documents listed above, Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, may need to accompany Form 1040X. See [Step 4: Provide Form 1310, if required under How Is Tax Forgiveness Claimed](#).*

**When must I file my claim?** You must file your claim by the later of 1 year after the date you received the notice from the DoD or the normal deadline for filing a claim for refund or credit. This alternative one-year time frame is especially important because the normal deadline is the later of 3 years after filing the original return or 2 years after paying the tax and claims may date back as far as 1991.

**Where to file.** Mail the completed Form 1040X and your documents to the following address, regardless of where you live:

Internal Revenue Service  
333 W. Pershing Street, Stop 6503, P5  
Kansas City, MO 64108

## Foreign Source Income

### What Is Foreign Source Income?

For U.S. citizens, foreign source income is income from sources outside the United States. This section only discusses the tax consequences for foreign source income of U.S. citizens.

### Is My Foreign Source Income Taxable?

You must report all of your foreign source income on your tax return, except for those amounts that U.S. law specifically allows you to exclude. This is true whether you reside inside or outside the United States and whether or not you receive a Form W-2 or a Form 1099. This applies to earned income (such as wages and tips) as well as unearned income (such as interest, dividends, capital gains, pensions, rents, and royalties).

Some foreign income may be excluded, but these exclusions aren't available for wages and salaries of military and civilian employees of the U.S. Government. See more

on these exclusions in [Foreign earned income exclusion](#) and [American Samoa income exclusion](#) below.

**Foreign earned income exclusion.** Certain taxpayers can exclude income earned in foreign countries. For 2018, this exclusion amount can be as much as \$103,900. However, the foreign earned income exclusion doesn't apply to the wages and salaries of military and civilian employees of the U.S. Government. Employees of the U.S. Government include those who work at United States Armed Forces exchanges, commissioned and noncommissioned officers' messes, Armed Forces motion picture services, and similar personnel. Other foreign income earned by military personnel or their spouses may be eligible for the foreign earned income exclusion. You won't be treated as having a tax home in a foreign country for any period for which your abode is within the United States, unless you are serving in an area designated by the President of the United States by Executive order as a [combat zone](#) in support of the Armed Forces of the United States. For more information on the exclusion, including the definition of "abode," see Pub. 54.

**American Samoa income exclusion.** Residents of American Samoa may be able to exclude income from American Samoa. However, this possession exclusion doesn't apply to wages and salaries of military and civilian employees of the U.S. Government. If you need information on this possession exclusion, see Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions.

## Community Property

The pay you earn as a member of the Armed Forces may be subject to community property laws depending on [your marital status](#), [the nature of the payment](#), and [your domicile](#). These laws may affect how much of your income is included in your gross income for tax purposes. Community property states include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

### Marital Status

Community property rules apply to married persons whose domicile during the tax year was in a community

property state. These rules may affect your tax liability if you file separate returns or are divorced during the year.

## Nature of the Payment

Active duty military pay **is** subject to community property laws. Armed Forces retired or retainer pay **may be** subject to community property laws.

For more information on community property laws, see Pub. 555, Community Property.

## Domicile

Your domicile is the permanent legal home you intend to use for an indefinite or unlimited period, and to which, when absent, you intend to return. It isn't always where you presently live.

**Domicile or tax residence of civilian spouse.** If you are the civilian spouse of an active duty U.S. military servicemember and your domicile or residence is the same as the servicemember's, you may be able to keep your prior domicile or residence for tax purposes when you accompany your spouse who relocated to a new duty station. For more information about this option, see Pub. 570. You may also elect to have the same domicile or residence as the servicemember.

## Nevada, Washington, and California Domestic Partners

A registered domestic partner in Nevada, Washington, or California generally must report half of his or her income plus half of the income of his or her domestic partner. See Form 8958 and Pub. 555.

## Form W-2

### What Information Can I Find on My Form W-2?

Form W-2 shows your total pay and other compensation and the income tax, social security tax, and Medicare tax that was withheld during the year. Form W-2 also shows other amounts that you may find important in box 12.



## Form W-2 Reference Guide for Box 12 Codes

<b>A</b>	Uncollected social security or RRTA tax on tips	<b>B</b>	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	<b>C</b>	Taxable cost of group-term life insurance over \$50,000
<b>D</b>	Elective deferrals to a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	<b>E</b>	Elective deferrals under a section 403(b) salary reduction agreement	<b>F</b>	Elective deferrals under a section 408(k)(6) salary reduction SEP
<b>G</b>	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	<b>H</b>	Elective deferrals to a section 501(c)(18) (D) tax-exempt organization plan	<b>J</b>	Nontaxable sick pay
<b>K</b>	20% excise tax on excess golden parachute payments	<b>L</b>	Substantiated employee business expense reimbursements	<b>M</b>	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)
<b>N</b>	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	<b>P</b>	Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces	<b>Q</b>	Nontaxable combat pay
<b>R</b>	Employer contributions to an Archer MSA	<b>S</b>	Employee salary reduction contributions under a section 408(p) SIMPLE plan	<b>T</b>	Adoption benefits
<b>V</b>	Income from exercise of nonstatutory stock option(s)	<b>W</b>	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)	<b>Y</b>	Deferrals under a section 409A nonqualified deferred compensation plan
<b>Z</b>	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A	<b>AA</b>	Designated Roth contributions under a section 401(k) plan	<b>BB</b>	Designated Roth contributions under a section 403(b) plan
<b>DD</b>	Cost of employer-sponsored health coverage	<b>EE</b>	Designated Roth contributions under a governmental section 457(b) plan	<b>FF</b>	Permitted benefits under a qualified small employer health reimbursement arrangement
<b>GG</b>	Income from qualified equity grants under section 83(i)	<b>HH</b>	Aggregate deferrals under section 83(i) elections as of the close of the calendar year		

**Note.** For more information on these codes, see the General Instructions for Forms W-2 and W-3.

### What Do the Codes in Box 12 of Form W-2 Mean?

Box 12 shows amounts not listed in other places on the form. The amounts shown in box 12 are generally preceded by a code. A list of the codes used in box 12 is shown above.

## Adjustments to Income

Adjusted gross income is your total income minus certain adjustments. The following adjustments are of particular interest to members of the Armed Forces.

- [Travel Expenses of Armed Forces Reservists.](#)
- [Individual Retirement Arrangements.](#)
- [Moving Expenses.](#)

Each of these adjustments is discussed below.

## Travel Expenses of Armed Forces Reservists

### Are My Travel Expenses as a Reservist Deductible?

If you are a member of a reserve component of the Armed Forces and you travel more than 100 miles away from home in connection with your performance of services as a member of the reserves, you can deduct your unreimbursed travel expenses on your tax return. Include all unreimbursed expenses from the time you leave home until the time you return home. See [How To Report My Reserve-Related Travel Expenses](#) below for information on how to report these expenses on your tax return.

### Am I a Member of a Reserve Component?

You are a member of a reserve component of the Armed Forces if you are in:

- The Army, Navy, Marine Corps, Air Force, or Coast Guard Reserve;
- The Army National Guard of the United States;
- The Air National Guard of the United States; or

- The Ready Reserve Corps of the Public Health Service.

## How To Report My Reserve-Related Travel Expenses

If you have reserve-related travel that takes you more than 100 miles from home, you should first complete Form 2106, Employee Business Expenses.

On Schedule 1 (Form 1040), line 24: enter the part of your expenses, up to the federal rate, included on Form 2106, line 10, that is for reserve-related travel more than 100 miles from your home.

For more information about this limit, see *Per Diem and Car Allowances* in chapter 6 of Pub. 463.



*The Schedule A (Form 1040) itemized deduction previously available for reserve-related travel that takes you less than 100 miles from home has been suspended. It is not available for 2018.*

**Example.** Captain Harris, a member of the Army Reserve, traveled to a location 220 miles from his home to perform his work in the reserves in April 2018. He incurred \$1,535.40 of unreimbursed expenses consisting of \$239.80 for mileage (440 miles × 54.5 cents a mile), \$300 for meals, and \$1,000 for lodging. Only 50% of his meal expenses are deductible. He shows his total deductible travel expenses of \$1,389.80 (\$239.80 + \$150 (50% of \$300) + \$1,000) on Form 2106, line 10. He enters the \$1,389.80 (\$239.80 + \$150 + \$1,000) for travel over 100 miles from home on Schedule 1 (Form 1040), line 24.

## Individual Retirement Arrangements (IRAs)

An IRA generally includes a traditional IRA, Roth IRA (including a *myRA*), simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA.

### Deductibility of Contributions to My IRA

Generally, you can deduct the lesser of the contributions to your traditional IRA for the year or the general limit (or spousal IRA limit, if applicable). However, if you or your spouse was covered by an employer-maintained retirement plan at any time during the year for which contributions were made, you may not be able to deduct all of the contributions. The Form W-2 you or your spouse receives from an employer has a box used to indicate whether you were covered for the year. The "Retirement plan" box should have a mark in it if you were covered.

For purposes of a deduction for contributions to a traditional IRA, Armed Forces members (including reservists on active duty for more than 90 days during the year) are considered covered by an employer-maintained retirement plan. The "Retirement plan" box on your Form W-2 should have a mark in it. Your deduction for contributions

to a traditional IRA may be subject to a phase out. See *Limit if Covered by Employer Plan* in Pub. 590-A for more information.

**As a military person, do I get additional time to make a contribution to my IRA?** Individuals serving in the U.S. Armed Forces or in support of the U.S. Armed Forces in designated combat zones have additional time to make a qualified retirement contribution to an IRA. For more information on this extension of deadline provision, see [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#), later. For more information on IRAs, see Pub. 590-A.

## Is My Combat Pay Included in IRA Calculations?

For IRA purposes, your compensation includes nontaxable combat pay. Even though you don't have to include the combat pay in your gross income, you do include it in your compensation when figuring the limits on contributions, and on deductions for contributions, to IRAs.

## Treatment of Distributions (and Repayments of Distributions) From an IRA to Qualified Reservists

**Is a qualified reservist distribution subject to the 10% additional tax?** A [qualified reservist distribution](#), defined below, isn't subject to the 10% additional tax on early distributions from certain retirement plans.

**What is a qualified reservist distribution?** A distribution you receive is a qualified reservist distribution if the following requirements are met.

- You were ordered or called to active duty after September 11, 2001.
- You were ordered or called to active duty for a period of more than 179 days or for an indefinite period because you are a member of a reserve component (see [Am I a Member of a Reserve Component](#), earlier, under *Travel Expenses of Armed Forces Reservists*).
- The distribution is from an IRA or from amounts attributable to elective deferrals under a section 401(k) or 403(b) plan or a similar arrangement.
- The distribution was made no earlier than the date of the order or call to active duty and no later than the close of the active duty period.

**Can I repay amounts distributed from my IRA, section 401(k) or 403(b) plan, or a similar arrangement?** You may be able to contribute (repay), to an IRA, amounts equal to any [qualified reservist distributions](#) (defined earlier) you received. You can make these repayment contributions even if they would cause your total contributions to the IRA to be more than the general limit on contributions. You make these repayment contributions to an IRA, even if you received the qualified reservist distribution

from a section 401(k) or 403(b) plan or a similar arrangement.

**Is there a limit to the amount I can repay?** Your qualified reservist repayments can't be more than your qualified reservist distributions.

**Is there a time limit for repaying?** You can make these repayment contributions up to and including the date that is 2 years after your active duty period ends.

**Can I deduct qualified reservist repayments?** You can't deduct qualified reservist repayments.

**Will the repayment affect my IRA deduction?** The repayment of qualified reservist distributions doesn't affect the amount you can deduct as an IRA contribution.

**How do you report the repayment?** If you repay a qualified reservist distribution, include the amount of the repayment with nondeductible contributions on line 1 of Form 8606, Nondeductible IRAs.

## Qualified 2016 Disaster Distribution Requirements

A qualified 2016 disaster distribution is any distribution you received in 2016 or 2017 from an eligible retirement plan if all of the following conditions are met.

1. The distribution was made in 2016 or 2017.
2. Your main home at any time during the 2016 calendar year was located in a disaster area(s) listed in Table 1 in the Instructions for Form 8915A.
3. You sustained an economic loss because of the 2016 disaster(s) in (2) above. Examples of an economic loss include, but aren't limited to, (a) loss, damage to, or destruction of real or personal property from fire, flooding, looting, vandalism, theft, wind, or other cause; (b) loss related to displacement from your home; or (c) loss of livelihood due to temporary or permanent layoffs.

If (1) through (3) apply, you can generally designate any distribution in 2016 or 2017 (including periodic payments and required minimum distributions) from an eligible retirement plan as a qualified 2016 disaster distribution, regardless of whether the distribution was made on account of a 2016 disaster. Qualified 2016 disaster distributions were permitted without regard to your need or the actual amount of your economic loss.

A reduction or offset in 2016 or 2017 of your account balance in an eligible retirement plan in order to repay a loan also could have been designated as a qualified 2016 disaster distribution. See the Instructions for Form 8606 or 8915A for more information.

## Moving Expenses

You may be able to exclude from income the value of government-provided services and reimbursement. If you

weren't reimbursed, you may be able to deduct expenses you incurred when you moved. We discuss both below.

- [Are Reimbursements, or the Value of Services Provided by the Government When I Move, Included in My Income.](#)
- [Which Moving Expenses Are Deductible and Which Aren't.](#)

To deduct moving expenses, you **must** be a member of the Armed Forces, on active duty and, due to a military order, your move is a result of a [permanent change of station](#).

**What constitutes a permanent change of station?** A permanent change of station includes:

- A move from your home to your first post of active duty,
- A move from one permanent post of duty to another, and
- A move from your last post of duty to your home or to a nearer point in the United States. The move must occur within 1 year of ending your active duty or within the period allowed under the Joint Travel Regulations.

**Are there additional considerations when a spouse or dependent moves?** If you are the spouse or dependent of a member of the Armed Forces who deserts, is imprisoned, or dies, a permanent change of station for you includes a move to:

- The member's place of enlistment or induction;
- Your, or the member's, home of record; or
- A nearer point in the United States.

If the military moves you to or from a different location than the member, the moves are treated as a single move to your new main job location.

## Are Reimbursements, or the Value of Services Provided by the Government When I Move, Included in My Income?

Don't include in your income the value of moving and storage services provided by the government because of a permanent change of station. Similarly, don't include in income amounts received as a dislocation allowance, temporary lodging expense, temporary lodging allowance, or move-in housing allowance.

Generally, if the total reimbursements or allowances that you receive from the government because of the move are more than your actual moving expenses, the excess is included in your wages on Form W-2. However, if any reimbursements or allowances (other than dislocation allowances, temporary lodging expenses, temporary lodging allowances, or move-in housing allowances) exceed the cost of moving and the excess isn't included in your wages on Form W-2, the excess still must be included in gross income on Form 1040, line 1.

If you must relocate and your spouse and dependents move to or from a different location, don't include in income reimbursements, allowances, or the value of moving and storage services provided by the government to move you and your spouse and dependents to and from the separate locations.

## Which Moving Expenses Are Deductible and Which Aren't

**How much of my moving expenses can I deduct?** If you move because of a [permanent change of station](#), you can deduct the reasonable unreimbursed expenses of moving you and members of your household. See [How To Report Moving Expenses](#), later, for how to report this deduction.

A member of your household is anyone who has both your former home and your new home as his or her main home. It doesn't include a tenant or employee unless you can claim that person as a dependent on your tax return.

**Which moving expenses can I deduct?** You can deduct expenses (if not reimbursed or furnished in kind) for:

- Moving household goods and personal effects, and
- Travel.

**Moving household goods and personal effects.** You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance. You can't deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home.

**Storing and insuring household goods and personal effects.** You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.

**Travel.** You can deduct the expenses of traveling (including lodging within certain limitations, but not meals) from your old home to your new home, including car expenses and air fare. You can deduct as car expenses either:

- Your actual out-of-pocket expenses such as gas and oil, or
- The standard mileage rate of 18 cents a mile.

You can add parking fees and tolls to the amount claimed under either method. You can't deduct any expenses for meals. You can't deduct the cost of unnecessary side trips or lavish and extravagant lodging.

**Moving services and allowances provided by the government.** Don't deduct any expenses for moving services that were provided by the government. Also, don't deduct any expenses that were reimbursed by an allowance you didn't include in income.

## Foreign Moves

A foreign move is a move from the United States or its possessions to a foreign country or from one foreign country to another foreign country. A move from a foreign country to the United States or its possessions isn't a foreign move.

For a foreign move, the deductible moving expenses described earlier are expanded to include the reasonable expenses of:

- Moving your household goods and personal effects to and from storage, and
- Storing these items for part or all of the time the new job location remains your main job location. The new job location must be outside the United States.

## How To Report Moving Expenses

Figure moving expense deductions on Form 3903. The Form 3903 instructions provide information on how to figure your deduction for qualified expenses that exceed your reimbursements and allowances (including dislocation allowances, temporary lodging expenses, temporary lodging allowances, or move-in housing allowances that are excluded from gross income).

If you qualify to deduct expenses for more than one move, use a separate Form 3903 for each move. Carry the moving expense deduction from Form(s) 3903, line 5, to Schedule 1 (Form 1040), line 26. For more information, see Pub. 521 and Form 3903.

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## Income Exclusions for Armed Forces Members in Combat Zones

Gross income does not include compensation you received for active service in the Armed Forces for any month during any part of which you served in a combat zone or qualified hazardous duty area. The exclusion available to you as a member of the Armed Forces may depend on your rank.

**Enlisted members, warrant officers, and commissioned warrant officers.** If you are an enlisted member, warrant officer, or commissioned warrant officer, you can exclude the following amounts from your income.

- Active duty pay earned in any month you served in a combat zone. See [Combat Pay Exclusion](#) below.
- Imminent danger/hostile fire pay. See [Serving in a Combat Zone](#), later.
- A reenlistment bonus if the voluntary extension or reenlistment occurs in a month you served in a combat zone.



- Pay for accrued leave earned in any month you served in a combat zone. The DoD must determine that the unused leave was earned during that period.
- Pay received for duties as a member of the Armed Forces in clubs, messes, post and station theaters, and other nonappropriated fund activities. The pay must be earned in a month you served in a combat zone.
- Awards for suggestions, inventions, or scientific achievements you are entitled to because of a submission you made in a month you served in a combat zone.
- Student loan repayments. If the entire year of service required to earn the repayment was performed in a combat zone, the entire repayment made because of that year of service is excluded. If only part of that year of service was performed in a combat zone, only part of the repayment qualifies for exclusion. For example, if you served in a combat zone for 5 months,  $\frac{5}{12}$  of your repayment qualifies for exclusion.

**Commissioned officers (other than commissioned warrant officers).** If you are a commissioned officer (other than a commissioned warrant officer), you may exclude part of your combat pay. There is a limit to the amount of combat pay you can exclude. See [Commissioned officers \(other than commissioned warrant officers\)](#) under *How Much of My Combat Pay Can I Exclude*, later.

## Combat Pay Exclusion

### How Much of My Combat Pay Can I Exclude?

**Enlisted member, warrant officer, or commissioned warrant officer.** If you are an enlisted member, warrant officer, or commissioned warrant officer, none of your combat pay is included in your income for tax purposes.

**Commissioned officers (other than commissioned warrant officers).** If you are a commissioned officer (other than a commissioned warrant officer), there is a limit to the amount of combat pay you can exclude. The amount of your exclusion is limited to the highest rate of enlisted pay (plus imminent danger/hostile fire pay you received) for each month during any part of which you served in a combat zone or were hospitalized as a result of your service there. For 2018, the applicable amount is \$8,586.00 per month (that is, \$8,361.00 for the highest enlisted pay + \$225 for imminent danger pay).

**Earned income election.** Though your combat pay is excluded from income, you can elect to include it in income in figuring your earned income credit. See [Can I treat my nontaxable combat pay as earned income?](#) under *Earned Income Credit*, later.

## How Do I Report the Combat Pay Exclusion?

Ordinarily, you don't have to do anything for this exclusion to apply. The exclusion will be reflected on your Form W-2. The wages shown in box 1 of your 2018 Form W-2 shouldn't include military pay excluded from your income under the combat pay exclusion provisions. If it does, you will need to get a corrected Form W-2 from your finance office. You can't exclude as combat pay any wages shown in box 1 of Form W-2. See also [Disability Severance Payments to Veterans](#), later, for special rules relating to severance pay.

## What Is Combat Pay?

Combat pay is pay received by a member of the U.S. Armed Forces who serves in:

1. A combat zone as designated by the President in an Executive order (see [Combat Zone Defined](#), later);
2. A qualified hazardous duty area designated by Congress while receiving hostile fire pay or imminent danger pay in accordance with 37 U.S.C. 351 (see [Serving in a Combat Zone](#), later); or
3. An area outside the combat zone or qualified hazardous duty area when the DoD certifies that such service is in direct support of military operations in a combat zone or qualified hazardous duty area, and the member receives hostile fire pay or imminent danger pay (see [Serving outside combat zone considered serving in a combat zone](#), later).

The month for which you receive the pay must be a month in which you either:

- [Served in a combat zone](#); or
- [Were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone](#).

You don't have to receive the excluded pay while you are in a combat zone, are hospitalized, or in the same year you served in a combat zone.

**Partial month service is treated as full month of service.** If you serve in a combat zone for any part of 1 or more days during a particular month, you are entitled to a combat pay exclusion for that entire month.

**Are my retirement pay and pensions treated as combat pay?** Retirement pay and pensions don't qualify for the combat pay exclusion.

## Combat Zone Defined

A combat zone is any area the President of the United States designates by Executive order as an area in which the U.S. Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive order. To date, [the Afghanistan area](#), [the Kosovo area](#), and [the Arabian Peninsula](#) have

been designated as combat zones. Combat zone tax benefits have been designated by Congress for [the Sinai Peninsula](#) of Egypt under certain circumstances. Each of the combat zones and the Sinai Peninsula are discussed below.

***Serving outside combat zone considered serving in a combat zone.*** Military service outside a combat zone is considered to be performed in a combat zone if:

- The DoD designates that the service is in direct support of military operations in the combat zone, and
- The service qualifies you for special military pay for duty subject to hostile fire or imminent danger under 37 U.S.C. 351.

Military pay received for this service will qualify for the combat pay exclusion if all of the requirements discussed in [Service Eligible for Combat Pay Exclusion](#), later, other than service in a combat zone, are met and if the pay is verifiable by reference to military pay records.

**The Afghanistan area.** By Executive Order No. 13239, Afghanistan (and the airspace above) was designated as a combat zone beginning September 19, 2001.

The following countries were certified by the DoD for combat zone tax benefits due to their direct support of military operations in the Afghanistan combat zone.

- Jordan, Kyrgyzstan, Pakistan, Tajikistan, and Uzbekistan (as of September 19, 2001).
- Philippines (from January 9, 2002, through September 30, 2015).
- Djibouti (as of July 1, 2002).
- Yemen (as of April 10, 2002).
- Somalia and Syria (as of January 1, 2004).

**Note.** For the Philippines only, the personnel must have deployed in conjunction with Operation Enduring Freedom or Operation Freedom Sentinel supporting military operations in the Afghanistan combat zone.

**The Kosovo area.** By Executive Order No. 13119, the following locations (including airspace above) were designated as a combat zone beginning March 24, 1999.

- Federal Republic of Yugoslavia (Serbia/Montenegro).
- Albania.
- Kosovo.
- The Adriatic Sea.
- The Ionian Sea—north of the 39th parallel.

**Note.** The combat zone designation for Montenegro and Kosovo (previously a province within Serbia) under Executive Order 13119 remains in force even though Montenegro and Kosovo have become independent nations since EO 13119 was signed.

**The Arabian Peninsula.** By Executive Order No. 12744, the following locations (and airspace above) were designated as a combat zone beginning January 17, 1991.

- The Persian Gulf.

- The Red Sea.
- The Gulf of Oman.
- The part of the Arabian Sea that is north of 10 degrees north latitude and west of 68 degrees east longitude.
- The Gulf of Aden.
- The total land areas of Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, and the United Arab Emirates.

The following countries were certified by the DoD for combat zone tax benefits due to their direct support of military operations in the Arabian Peninsula combat zone.

- Jordan (as of March 19, 2003).
- Lebanon (2015–2020, unless terminated earlier).
- Turkey east of 33.51 degrees east longitude (as of September 19, 2016).

**Sinai Peninsula.** Section 11026 of Public Law 115-97 designates the Sinai Peninsula of Egypt as a qualified hazardous duty area that is treated as if it were a combat zone. This designation generally applies for the period beginning June 10, 2015. For more information about amending prior year returns to take advantage of the benefits associated with this designation, see the Instructions for Form 1040X.

## Service Eligible for Combat Pay Exclusion

As noted earlier, pay eligible for the combat pay exclusion must have been received for a month in which you either [served in a combat zone](#) or [were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone](#). We discuss these below. Also see [Serving outside combat zone considered serving in a combat zone](#), earlier, under *Combat Zone Defined*.

## Serving in a Combat Zone

You are considered to be serving in a combat zone if you are either assigned on official temporary duty to a combat zone or you qualify for hostile fire/imminent danger pay while in a combat zone.

Service in a combat zone includes any periods you are absent from duty because of sickness, wounds, or leave. If, as a result of serving in a combat zone, a person becomes a prisoner of war or is missing in action, that person is considered to be serving in the combat zone so long as he or she keeps that status for military pay purposes.

## Hospitalization As a Result of Wounds, Disease, or Injury Incurred While Serving in a Combat Zone

**Hospitalized while serving in a combat zone.** If you are hospitalized while serving in a combat zone, the wound, disease, or injury causing the hospitalization will be presumed to have been incurred while serving in the

combat zone unless there is clear evidence to the contrary.

**Example.** You are hospitalized for a specific disease in a combat zone where you have been serving for 3 weeks, and the disease for which you are hospitalized has an incubation period of 2 to 4 weeks. The disease is presumed to have been incurred while you were serving in the combat zone. On the other hand, if the incubation period of the disease is 1 year, the disease wouldn't have been incurred while you were serving in the combat zone.

**Hospitalized after leaving a combat zone.** In some cases, the wound, disease, or injury may have been incurred while you were serving in the combat zone, even though you weren't hospitalized until after you left. In that case, you can exclude military pay earned while you are hospitalized as a result of the wound, disease, or injury.

**Example.** You were hospitalized for a specific disease 3 weeks after you departed the combat zone. The incubation period of the disease is from 2 to 4 weeks. The disease is presumed to have been incurred while serving in the combat zone.

**Time limit on combat pay exclusion for pay received while hospitalized.** If you are hospitalized, you can't exclude any military pay received for any month of service that begins more than 2 years after the end of combat activities in the combat zone. This pay won't be combat pay.

## Nonqualifying Presence in a Combat Zone

None of the following types of military service qualify as service in a combat zone.

- Presence in a combat zone while on leave from a duty station located outside the combat zone.
- Passage over or through a combat zone during a trip between two points that are outside a combat zone.
- Presence in a combat zone solely for your personal convenience.

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## Gain or Loss From Sale of Home

You may not have to pay tax on all or part of the gain from the sale of your main home. Usually, your main home is the one you live in most of the time. It can be a:

- House,
- Houseboat,
- Mobile home,
- Cooperative apartment, or
- Condominium.

**How much can you exclude?** You generally can exclude up to \$250,000 of gain (\$500,000, in most cases, if married filing a joint return) realized on the sale or exchange of a main home in 2018. The exclusion is allowed each time you sell or exchange a main home, but generally not more than once every 2 years.

**What must you do to be eligible for the exclusion?** You will be eligible for the exclusion if, during the **5-year period** ending on the date of the sale, you:

- Owned the home for at least 2 years (the ownership test), and
- Lived in the home as your main home for at least 2 years (the use test).

**What happens if I don't meet the ownership and use tests?** If you don't meet the ownership and use tests due to a move to a new permanent duty station, you can exclude gain, but the maximum amount of gain you can exclude will be reduced. See Pub. 523 for more details.

**5-year test period can be suspended for members of the Armed Forces.** You can choose to have the 5-year test period for ownership and use [suspended](#) during any period you or your spouse serve on [qualified official extended duty](#) as a member of the Armed Forces. This means that you may be able to meet the 2-year use test even if, because of your service, you didn't actually live in your home for the required 2 years during the 5-year period ending on the date of sale.

**Example.** David bought and moved into a home in 2010. He lived in it as his main home for 2½ years. For the next 6 years, he didn't live in it because he was on [qualified official extended duty](#) with the Army. He then sold the home at a gain in 2018. To meet the use test, David chooses to suspend the 5-year test period for the 6 years he was on qualifying official extended duty. This means he can disregard those 6 years. Therefore, David's 5-year test period consists of the 5 years before he went on qualifying official extended duty. He meets the ownership and use tests because he owned and lived in the home for 2½ years during this test period.

**Limits on period of suspension.** The period of suspension can't last more than 10 years. You can't suspend the 5-year period for more than one property at a time. You can revoke your choice to suspend the 5-year period at any time.

**Qualified official extended duty.** You are on qualified official extended duty if you serve on extended duty either:

- At a duty station at least 50 miles from your main home, or
- While you live in government quarters under government orders.

You are on extended duty when you are called or ordered to active duty for a period of more than 90 days or for an indefinite period.



### What if the property was used for rental or business?

You may be able to exclude your gain from the sale of a home that you have used as a rental property or for business. However, you must meet the ownership and use tests discussed in Pub. 523.

### What if there were periods when I didn't use the property as my main home and wasn't on qualified official extended duty?

If the sale of your main home results in a gain that is allocated to one or more period(s) of nonqualified use, you can't exclude that gain from your income.

Nonqualified use means any period after 2008 when neither you nor your spouse (or your former spouse) used the property as a main home, with certain exceptions. For example, a period of nonqualified use doesn't include any period (not to exceed a total of 10 years) during which you or your spouse is serving on [qualified official extended duty](#), discussed above. You will be able to exclude the gain attributable to the period during which you or your spouse served on qualified official extended duty.

**Are my losses deductible?** You can't deduct a loss from the sale of your main home.

**More information.** For more information, see Pub. 523.

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## Foreclosures

There may be tax consequences as a result of compensation payments for foreclosures.

**Payments made for violations of the Servicemembers Civil Relief Act (SCRA).** All servicemembers who received a settlement payment reported on a Form 1099 may need to report the amount on their tax return as income. However, the tax treatment of settlement payments will depend on the facts and circumstances as illustrated below.

**Lump-sum portion of settlement payment.** Generally, you must include the lump-sum payment in gross income. In limited circumstances, you may be able to exclude part or all of the lump-sum payment from gross income. For example, you may qualify to exclude part or all of the payment from gross income if you can show that the payment was made to reimburse specific nondeductible expenses (such as living expenses) you incurred because of the SCRA violation.

**Interest payment on lump-sum portion of settlement payment.** You must include any interest on the lump-sum portion of your settlement payment in your income.

**Lost equity portion of settlement payment.** If you lost your main home in foreclosure, you should treat the lost equity payment as an additional amount you received on the foreclosure of the home. You will have a gain on the foreclosure only if the sum of the lost equity payment and the value of the main home at foreclosure is more than what you paid for the home. In many cases, this gain

may be excluded from income. For more information on the rules for excluding all or part of any gain from the sale (including a foreclosure) of a main home, see Pub. 523.

**The rules that apply to a lost equity payment you received for the foreclosure of a property that wasn't your main home are different.** To find rules for reporting gain or loss on the foreclosure of property that wasn't your main home, see Pub. 544, Sales and Other Dispositions of Assets.

**Interest payment on lost equity portion of settlement payment.** You must include any interest on the lost equity portion of your settlement payment in your income.

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## Itemized Deductions

You can no longer claim any miscellaneous itemized deductions, including the deduction for unreimbursed employee business expenses. Miscellaneous itemized deductions are those deductions that would have been subject to the 2%-of-adjusted gross income limitation.

If you are an Armed Forces reservist, you may be able to deduct unreimbursed employee business expenses as an adjustment to income. See [Travel Expenses of Armed Forces Reservists](#), earlier. These deductions are not available for active duty service members.

## Repayments to Your Employer

If you had to repay to your employer an amount that you included in your income in an earlier year, you may be able to deduct the repaid amount from your income for the year in which you repaid it. Where you report the repayment on your tax return will depend on the amount of the repayment. See *Repayments* in Pub. 525.

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## Credits

After you have figured your taxable income and tax liability, you can determine if you are entitled to any tax credits. This section discusses the [child tax credit and credit for other dependents](#), [additional child tax credit](#), [earned income credit](#), and [credit for excess social security tax withheld](#). For information on other credits, see your tax form instructions.

## Child Tax Credit and Credit for Other Dependents

The child tax credit is a credit that may reduce your tax by as much as \$2,000 for each of your qualifying children. See [How Much Can I Claim As a Child Tax Credit](#), later.

The [additional child tax credit](#) is a credit you may be able to take if you aren't able to claim the full amount of the child tax credit. The additional child tax credit is discussed later.





The child tax credit isn't the same as the credit for child and dependent care expenses. See Pub. 503 for information on the credit for child and dependent care expenses.

**Can I claim the child tax credit if I don't have an SSN or ITIN?** If you don't have an SSN or ITIN by the due date of your 2018 return (including extensions), you can't claim the child tax credit on either your original or an amended 2018 return, even if you later get an SSN.

## Is My Child a Qualifying Child?

Your child is a qualifying child for purposes of the child tax credit if your child meets all seven of the following conditions.

1. Is your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
2. Was under age 17 at the end of 2018.
3. Didn't provide over half of his or her own support for 2018.
4. Lived with you for more than half of 2018 (but see [Are there exceptions to the time lived with you requirement](#), later).
5. Is claimed as a dependent on your return.
6. Doesn't file a joint return for the year (or files it only as a claim for refund).
7. Was a U.S. citizen, a U.S. national, or a U.S. resident alien. If the child was adopted, see [Adopted child](#), later.

Your child must meet all seven conditions and have an SSN that is valid for employment.

**Are there exceptions to the time lived with you requirement?** Temporary absences by you or the other person for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time the person lived with you.

If the person meets all other requirements to be your qualifying child but was born or died in 2018, the person is considered to have lived with you for more than half of 2018 if your home was this person's home for more than half the time he or she was alive in 2018.

Any other person is considered to have lived with you for all of 2018 if the person was born or died in 2018 and your home was this person's home for the entire time he or she was alive in 2018.

There also are exceptions for kidnapped children and children of divorced or separated parents. For details, see Pub. 501.

**What if my child is the qualifying child of more than one person?** A special rule applies if your qualifying

child is the qualifying child of more than one person. For details, see Pub. 501.

**Adopted child.** Your adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption. If you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household all year, that child meets Condition 7.

## How Much Can I Claim As a Child Tax Credit?

The maximum amount you can claim for the credit is \$2,000 for each qualifying child. But, see *Limits on the CTC and ODC* in Pub. 972.

**What factors affect the amount of my child tax credit?** You must reduce your child tax credit if either (1) or (2) below applies.

1. The amount on Form 1040, line 11, is less than the credit. If the amount is zero, you can't take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See [Additional Child Tax Credit](#), later.
2. Your [modified adjusted gross income \(AGI\)](#), figured as described later, is more than the amount shown below for your filing status.
  - Married filing jointly — \$400,000.
  - Single, head of household — \$200,000.
  - Married filing separately — \$200,000.

**Modified AGI.** For purposes of the child tax credit, your modified AGI is the amount on Form 1040, line 7, plus the following amounts that may apply to you.

- Any amount excluded from income because of the exclusion of income from Puerto Rico.
- Any amount on line 45 or line 50 of Form 2555.
- Any amount on line 18 of Form 2555-EZ.
- Any amount on line 15 of Form 4563, Exclusion of Income for Bona Fide Residents of American Samoa.

If you don't have any of the above, your modified AGI is the same as your AGI.

## Claiming the Credit

To claim the child tax credit, you must file Form 1040. For each qualifying child, you must check the "child tax credit" box in column (4) of the *Dependents* section on page 1 of Form 1040. For more information on the child tax credit, see the Instructions for Form 1040, especially the Child Tax Credit and Credit for Other Dependents Worksheet in those instructions.

**You and each qualifying child must have the required taxpayer identification number.** If you didn't have an SSN or ITIN by the due date of your 2018 return (including extensions), you can't claim the child tax credit

on either your original or an amended 2018 return. If you apply for an ITIN on or before the due date of your 2018 return (including extensions) and the IRS issues you an ITIN as a result of the application, the IRS will consider your ITIN as issued on or before the due date of your return. Also, no credit is allowed on either your original or an amended 2018 return with respect to a child who didn't have an SSN valid for employment by the due date of your 2018 return (including extensions), even if that child later gets one.

## Credit for Other Dependents

This credit is a nonrefundable credit of up to \$500 for each eligible dependent who can't be claimed for the child tax credit. However, see *Limits on the CTC and ODC* in Pub. 972. The child tax credit and credit for other dependents are both figured using the Child Tax Credit and Credit for Other Dependents Worksheet in the Instructions for Form 1040. Both the child tax credit and credit for other dependents are claimed on Form 1040, line 12a, or Form 1040NR, line 49.

**Form 8862, who must file.** You must file Form 8862 to claim the child tax credit or credit for other dependents if your child tax credit or additional child tax credit for a year after 2015 was denied or reduced for any reason other than a math or clerical error. Attach a completed Form 8862 to your 2018 return. Don't file Form 8862 if you filed Form 8862 for 2017 and the child tax credit or additional child tax credit was allowed for that year. See Form 8862 and its instructions for details.



*If you take the child tax credit or credit for other dependents even though you aren't eligible and it is determined that your error is due to reckless or intentional disregard of the rules for these credits, you won't be allowed to take either credit or the additional child tax credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the child tax credit, you won't be allowed to take either credit for 10 years. See the Instructions for Form 8862 for more information. You also may have to pay penalties.*

## Additional Child Tax Credit (ACTC)

**What is the ACTC?** This credit is for certain people who have at least one qualifying child for the child tax credit. The additional child tax credit may give you a refund even if you don't owe any tax or didn't have any tax withheld.



*Children identified by an ITIN no longer qualify for the child tax credit or ACTC. However, these children may still qualify for the new nonrefundable credit for other dependents.*

**Form 8862, who must file.** You must file Form 8862 if your CTC or ACTC for a year after 2015 was denied or reduced for any reason other than a math or clerical error. For more information, see the Instructions for Form 1040 and Form 8862.



*Refunds for returns claiming the additional child tax credit can't be issued before mid-February 2019. This delay applies to the entire refund, not just the portion associated with the additional child tax credit.*

## Earned Income Credit

The earned income credit (EIC) is a credit for certain persons who work. The credit may give you a refund even if you don't owe any tax or didn't have any tax withheld.

You must satisfy certain criteria in order to claim the EIC. The criteria you must meet depends on whether you have a qualifying child. Detailed information is provided in [Claiming the EIC if I Have a Qualifying Child](#) and [Claiming the EIC if I Don't Have a Qualifying Child](#), later.



*If you take the EIC even though you aren't eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you won't be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you won't be allowed to take the credit for 10 years. You also may have to pay penalties.*



*Refunds for returns claiming the earned income EIC can't be issued before mid-February 2019. This delay applies to the entire refund, not just the portion associated with the EIC.*

**Can I claim the EIC if I don't have a social security number?** If you don't have a social security number (an SSN) by the due date of your 2018 return (including extensions), you can't claim the EIC on either your original or an amended 2018 return, even if you later get an SSN.

## Claiming the EIC if I Have a Qualifying Child

If you have a [qualifying child](#) (defined later), you must satisfy all nine of the following rules to claim the earned income credit.

1. You must have [earned income](#) (defined later).
2. Your earned income and adjusted gross income (AGI) must each be less than:
  - a. \$49,194 (\$54,884 for married filing jointly) if you have three or more qualifying children,
  - b. \$45,802 (\$51,492 for married filing jointly) if you have two qualifying children, or
  - c. \$40,320 (\$46,010 for married filing jointly) if you have one qualifying child.
3. Your filing status can't be married filing separately.
4. You generally can't be a qualifying child of another person. If filing a joint return, your spouse also can't be a qualifying child of another person.
5. Your qualifying child can't be used by more than one person to claim the credit. If your qualifying child is the qualifying child of more than one person, you must be

the person who can treat the child as a qualifying child. If the other person can claim the child as a qualifying child, you may be able to claim the EIC under the rules for a taxpayer without a qualifying child. For details, see *Rule 9* in Pub. 596.

6. You can't file Form 2555 or Form 2555-EZ to exclude income earned in foreign countries, or to deduct or exclude a foreign housing amount. See Pub. 54 for more information about these forms.
7. You must be a U.S. citizen or resident alien all year unless:
  - a. You are married to a U.S. citizen or a resident alien, and
  - b. You choose to be treated as a resident alien for the entire year. If you need more information about making this choice, see [Resident Aliens](#), later.
8. Your investment income must be \$3,500 or less during the year. For most people, investment income is taxable interest and dividends, tax-exempt interest, and capital gain net income.
9. You must have a valid social security number for yourself, your spouse (if filing a joint return), and any qualifying child.

**How to report.** If you satisfy all these rules, fill out Schedule EIC (Form 1040), Earned Income Credit, and attach it to Form 1040.

**Qualifying child.** Your child is a qualifying child if your child passes four tests and has a social security number as required in [Social security number of child](#), later. The four tests are:

1. [Relationship](#),
2. [Age](#),
3. [Residency](#), and
4. [Joint return](#).

Each test, and the social security number requirement, are discussed below.

**Relationship test.** In order to be classified as a qualifying child, your child must pass the relationship test. Your child passes this test if the child is your:

- Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild); or
- Brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew).

An adopted child is always treated as your own child. The term "adopted child" includes a child who was lawfully placed with you for legal adoption.

Your foster child, for the relationship test, is a child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. An authorized placement agency includes a state or local government agency. It also includes a tax-exempt organization licensed by a state. In

addition, it includes an Indian tribal government or an organization authorized by an Indian tribal government to place Indian children.

**Age test.** In order to be classified as a qualifying child, your child must pass the age test. A child passes the age test if he or she is in at least one of the following categories.

1. **Category 1.** Under age 19 at the end of 2018 and younger than you (or your spouse, if filing jointly).
2. **Category 2.** Under age 24 at the end of 2018, a [full-time student](#), and younger than you (or your spouse, if filing jointly).
3. **Category 3.** [Permanently and totally disabled](#) at any time during 2018, regardless of age.

**Full-time student.** A full-time student is a student who is enrolled for the number of hours or courses the school considers to be full-time attendance.

To qualify as a student, your child must be, during some part of each of any 5 calendar months during the calendar year:

1. A full-time student at a school that has a regular teaching staff, course of study, and regular student body at the school; or
2. A student taking a full-time, on-farm training course given by a school described in (1), or a state, county, or local government.

The 5 calendar months need not be consecutive.

A school can be an elementary school, junior or senior high school, college, university, or technical, trade, or mechanical school. However, on-the-job training courses, correspondence schools, and schools offering courses only through the Internet don't count as schools for the EIC.

Students who work in co-op jobs in private industry as a part of a school's regular course of classroom and practical training are considered full-time students.

**Permanently and totally disabled.** Your child is permanently and totally disabled if both of the following apply.

1. He or she can't engage in any substantial gainful activity because of a physical or mental condition.
2. A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

**Residency test.** In order to be classified as a qualifying child, your child must pass the residency test. A child passes the residency test if he or she has lived with you in the United States for more than half of 2018.

The United States includes the 50 states and the District of Columbia. It doesn't include Puerto Rico or U.S. possessions such as Guam.

U.S. military personnel stationed outside the United States on extended active duty are considered to live in the United States during that duty period for purposes of the EIC. Extended active duty means you are called or ordered to duty for an indefinite period or for a period of



more than 90 days. Once you begin serving your extended active duty, you are still considered to have been on extended active duty even if you don't serve more than 90 days.

A child who was born or died in 2018 is treated as having lived with you for more than half of 2018 if your home was the child's home for more than half of the time he or she was alive in 2018.

Count time that you or your child is away from home on a temporary absence due to a special circumstance as time the child lived with you.

A kidnapped child is treated as living with you for more than half of the year if the child lived with you for more than half the part of the year before the date of the kidnapping. The child must be presumed by law enforcement authorities to have been kidnapped by someone who isn't a member of your family or your child's family. This treatment applies for all years until the child is returned. In the year of the child's return, the child must have lived with you for more than half the part of the year following the date of the child's return. However, the last year this treatment can apply is the earlier of:

1. The year there is a determination that the child is dead, or
2. The year the child would have reached age 18.

If your qualifying child has been kidnapped and meets these requirements, enter "KC," instead of a number, on line 6 of Schedule EIC.

**Joint return test.** In order to be classified as a qualifying child, your child must satisfy the joint return test. There are two parts to this test. First, the child can't file a joint return for the year (unless the joint return is filed only as a claim for refund).

Second, even if your child doesn't file a joint return, if your child was married at the end of the year, he or she can't be your qualifying child unless:

1. You can claim the child as a dependent, or
2. The reason you can't claim the child as a dependent is that you let the child's other parent claim the child as a dependent under the special rule for divorced or separated parents (or parents who live apart) described in Pub. 596.

**Social security number of child.** In order to be classified as a qualifying child, your child must have a valid social security number (SSN) unless the child was born and died in 2018. If a child didn't have an SSN on or before the due date of your return (including extensions), you can't count that child as a qualifying child in figuring the EIC on either your original or an amended 2018 return, even if that child later gets an SSN. You can't claim the EIC on the basis of a qualifying child if:

1. Your qualifying child's SSN is missing from your tax return or is incorrect;
2. Your qualifying child's social security card says "Not valid for employment" and was issued for use in getting a federally funded benefit; or

3. Instead of an SSN, your qualifying child has:
  - a. An individual taxpayer identification number (ITIN), which is issued to a noncitizen who can't get an SSN; or
  - b. An adoption taxpayer identification number (ATIN), which is issued to adopting parents who can't get an SSN for the child being adopted until the adoption is final.

If you have more than one qualifying child and only one has a valid SSN, you can claim the EIC only on the basis of that one child.

**More information.** For more information, see Pub. 596.

## Claiming the EIC if I Don't Have a Qualifying Child

If you don't have a qualifying child, you can take the credit if you satisfy all 11 of the following rules.

1. You must have [earned income](#) (defined later).
2. Your earned income and adjusted gross income must each be less than \$15,270 (\$20,950 for married filing jointly).
3. Your filing status can't be married filing separately.
4. You can't be a qualifying child of another person. If filing a joint return, your spouse also can't be a qualifying child of another person.
5. You must be at least age 25 but under age 65 at the end of the year. If filing a joint return, either you or your spouse must be at least age 25 but under age 65 at the end of the year.
6. You can't be claimed as a dependent by anyone else on that person's return. If filing a joint return, your spouse also can't be claimed as a dependent by anyone else on that person's return.
7. Your main home must be in the United States for more than half the year. (U.S. military personnel stationed outside the United States on extended active duty are considered to be living in the United States.)
8. You can't file Form 2555 or Form 2555-EZ.
9. You must be a U.S. citizen or resident alien all year unless:
  - a. You are married to a U.S. citizen or a resident alien, and
  - b. You choose to be treated as a resident alien for the entire year.
10. Your investment income must be \$3,500 or less during the year. For most people, investment income is taxable interest and dividends, tax-exempt interest, and capital gain net income.
11. You (and your spouse, if filing a joint return) must have a valid social security number.



**How to report.** If you satisfy all 11 of these rules, fill out the EIC worksheet in your tax form instructions to figure the amount of your credit.

**More information.** For more information, see Pub. 596.

## How Do I Figure My Earned Income?

When figuring your earned income for the EIC, you must know [what counts as earned income](#) as well as [what doesn't count as earned income](#). Both categories of income are described below.

### What is included in my earned income for the EIC?

For purposes of the earned income credit, earned income includes the following.

- Wages, salaries, tips, and other taxable employee pay.
- Net earnings from self-employment.
- Gross income received as a statutory employee.
- Nontaxable combat pay if you elect to include it in earned income. See [Can I treat my nontaxable combat pay as earned income?](#) next.

**Can I treat my nontaxable combat pay as earned income?** You can elect to include your nontaxable combat pay in earned income for the earned income credit. If you make the election, you must include in earned income all nontaxable combat pay you received. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election. The amount of your nontaxable combat pay should be shown on your Form W-2 in box 12 with code Q. Electing to include nontaxable combat pay in earned income may increase or decrease your EIC.

Figure the credit with and without your nontaxable combat pay before making the election. Whether the election increases or decreases your EIC depends on your total earned income, filing status, and number of qualifying children. If your earned income without your combat pay is less than the amount shown below for your number of children, you may benefit from electing to include your nontaxable combat pay in earned income and you should figure the credit both ways. If your earned income without your combat pay is equal to or more than these amounts, you won't benefit from including your combat pay in your earned income.

- \$6,750 if you have no qualifying children.
- \$10,150 if you have one qualifying child.
- \$14,250 if you have two or more qualifying children.

The following examples illustrate the effect of including nontaxable combat pay in earned income for the EIC.

**Example 1—Election increases the EIC.** George and Janice are married and will file a joint return. They have one qualifying child. George was in the Army and earned \$15,000 (\$5,000 taxable wages + \$10,000 nontaxable combat pay). Janice worked part of the year and earned \$2,000. Their taxable earned income and AGI are

both \$7,000. George and Janice qualify for the EIC and fill out the EIC Worksheet in the Form 1040 instructions and Schedule EIC.

When they complete the EIC Worksheet without adding the nontaxable combat pay to their earned income, they find their credit to be \$2,389. When they complete the EIC Worksheet with the nontaxable combat pay added to their earned income, they find their credit to be \$3,461. Because making the election will increase their EIC, they elect to add the nontaxable combat pay to their earned income for the EIC. They enter \$3,461 on line 17a of their Form 1040. They also enter the amount of their nontaxable pay and write "NCP" in the space to the left of line 17 on Form 1040.

### Example 2—Election doesn't increase the EIC.

The facts are the same as in [Example 1](#), except George had nontaxable combat pay of \$25,000. When George and Janice add their nontaxable combat pay to their earned income, they find their credit to be \$2,235. Because the credit they can get if they don't add the nontaxable combat pay to their earned income is \$2,389, they decide not to make the election. They enter \$2,389 on line 17a of their Form 1040.

**What isn't earned income for the EIC?** When figuring your earned income for purposes of the earned income credit, don't include any of these amounts.

- Basic pay or special, bonus, or other incentive pay that is subject to the combat pay exclusion (unless you make the election described earlier in [Can I treat my nontaxable combat pay as earned income?](#))
- Basic Allowance for Housing (BAH).
- Basic Allowance for Subsistence (BAS).
- Any other nontaxable employee compensation.
- Interest and dividends.
- Social security and railroad retirement payments.
- Certain workfare payments.
- Pensions or annuities.
- Veterans' benefits (including VA rehabilitation payments).
- Workers' compensation.
- Unemployment compensation.
- Alimony and child support.

## IRS Can Figure Your Credit for You

There are certain instructions you must follow before the IRS can figure the credit for you. See *IRS Will Figure the EIC for You* in Pub. 596.

## Credit for Excess Social Security Tax Withheld

Most employers must withhold social security tax from your wages. If you worked for two or more employers in

## Credit for Excess Social Security Tax Withheld Worksheet

> If you received wages from a railroad employer, you can't use this worksheet. See [Do I figure my credit differently if I am a railroad employee?](#) below.

> If you had only one employer, don't use this worksheet. Instead see [What if one of my employers withheld more than \\$7,960.80?](#) below.

1. Add all social security tax withheld (but not more than \$7,960.80 for each employer). Enter the total here .....	1. _____
2. Enter any uncollected social security tax on wages, tips, or group-term life insurance included in the total on Schedule 4 (Form 1040), line 58 .....	2. _____
3. Add lines 1 and 2. If \$7,960.80 or less, stop here. You can't take the credit .....	3. _____
4. Social security tax limit .....	4. _____ 7,960.80
5. Subtract line 4 from line 3. This is your excess social security tax withheld credit. Enter the result here and on Schedule 5 (Form 1040), line 72 .....	5. _____

2018 and you earned more than \$128,400, you may be able to take the credit for excess social security tax withheld. The maximum amount of social security tax that should have been withheld for 2018 is \$7,960.80. You are eligible for the credit for excess social security tax withheld only if you had more than one employer. You should use the Credit for Excess Social Security Tax Withheld Worksheet to figure your credit.



*All wages are subject to Medicare tax withholding.*

**What if one of my employers withheld more than \$7,960.80?** If any one employer withheld more than \$7,960.80 in social security taxes in 2018, you can't take a credit for the excess social security tax withheld over \$7,960.80 by that employer. The employer should adjust the tax for you. If the employer doesn't adjust the overcollection, you can file a claim for refund using Form 843, Claim for Refund and Request for Abatement.

**Joint return.** If you are filing a joint return, you can't add the social security tax withheld from your spouse's wages to the amount withheld from your wages in determining whether you or your spouse had excess social security tax withheld. You must figure the withholding separately for you and your spouse to determine if either of you has excess withholding.

**Credit for Excess Social Security Tax Withheld Worksheet.** You can use the Credit for Excess Social Security Tax Withheld Worksheet to figure your credit for excess social security tax withheld on wages in 2018 only if you had no wages in 2018 from employers that were railroads. If you worked for a railroad employer in 2018, see [Do I figure my credit differently if I am a railroad employee?](#) next.

**Do I figure my credit differently if I am a railroad employee?** If you work for a railroad employer, the discussion in this section doesn't apply to you. Your railroad employer must withhold tier 1 railroad retirement (RRTA) tax and tier 2 RRTA tax. See *Excess Social Security or Railroad Retirement Tax Withholding* in chapter 3 of Pub. 505 for more information.

**How to take the credit.** Enter the credit on Schedule 5 (Form 1040), line 72.

## First-Time Homebuyer Credit Repayment

If you bought your home in 2008, you generally must repay the first-time homebuyer credit over a 15-year period in 15 equal installments. For your 2018 (and later) tax returns, the repayment requirement will only apply to a home you bought in 2008.

For more information, see Form 5405, Repayment of the First-Time Homebuyer Credit, and its instructions.

## Forgiveness of Decedent's Tax Liability

Tax liability can be forgiven if a member of the U.S. Armed Forces dies:

- While in active service in a combat zone (see [Combat Zone Related Forgiveness](#), later);
- From wounds, disease, or other injury received in a combat zone (see [Combat Zone Related Forgiveness](#), later); or
- From wounds or injury incurred in a terrorist or military action (see [Terrorist or Military Action Related Forgiveness](#), later).

**What does tax forgiveness mean?** When there is tax forgiveness, the following occurs.

- If the tax being forgiven hasn't yet been paid, it may not have to be paid.
- If the tax being forgiven has been paid, the payment may be refunded.

[How Do I Make a Claim for Tax Forgiveness](#), later, provides details.

## Combat Zone Related Forgiveness

Combat zone related forgiveness occurs when an individual meets both of the following criteria.

1. Is a member of the U.S. Armed Forces at death.
2. Dies while in active service in a combat zone, or at any place from wounds, disease, or injury incurred while in active service in a combat zone.

Except as limited in [Deadline for Filing a Claim for Tax Forgiveness](#), later, forgiveness applies to:

- The tax year death occurred, and
- Any earlier tax year ending on or after the first day the member served in a combat zone in active service.

In addition, any unpaid taxes for years ending before the member began service in a combat zone will be forgiven and any of those taxes that are paid after the date of death will be refunded.

The beneficiary or trustee of the estate of a deceased servicemember doesn't have to pay tax on any amount received that would have been included (had the servicemember not died) in the deceased member's gross income for the year of death.

**Service outside combat zone.** These rules also apply to a member of the Armed Forces serving outside the combat zone if the service:

- Was in direct support of military operations in the zone, and
- Qualified the member for special military pay for duty subject to hostile fire or imminent danger.

For a description of combat zone, see [Combat Zone Defined](#), earlier, under *Combat Pay Exclusion*.

**Missing status.** The date of death for a member of the Armed Forces who was in a missing status (missing in action or prisoner of war) is the date his or her name is removed from missing status for military pay purposes. This is true even if death actually occurred earlier.

## Terrorist or Military Action Related Forgiveness

Terrorist or military action related forgiveness occurs when an individual meets both of the following criteria.

- Is a member of the U.S. Armed Forces at death.
- Dies from wounds or injury incurred while a member of the U.S. Armed Forces in a terrorist or military action.

Except as limited in [Deadline for Filing a Claim for Tax Forgiveness](#), later, forgiveness applies to:

- The tax year death occurred, and
- Any earlier tax year in the period beginning with the year before the year in which the wounds or injury occurred.

A terrorist or military action is any terrorist activity primarily directed against the United States or its allies or any military action involving the U.S. Armed Forces and resulting from violence or aggression against the United States or its allies (or threat thereof).

Any multinational force in which the United States participates is considered an ally of the United States.

The beneficiary or trustee of the estate of a deceased servicemember doesn't have to pay tax on any amount received that would have been included (had the servicemember not died) in the deceased member's gross income for the year of death.

**Example.** Army Private John Kane died in 2018 of wounds incurred in a terrorist attack in 2017. His income tax liability is forgiven for all tax years from 2016 through 2018.

## How Do I Make a Claim for Tax Forgiveness?

### How Is Tax Forgiveness Claimed?

If the decedent's tax liability is forgiven, the personal representative should take the following steps.

**Step 1: File the proper form.** The form filed to claim the tax forgiveness depends on whether a return has already been filed for the tax year.

- File a paper Form 1040 if a tax return hasn't been filed for the tax year. Form W-2 must accompany the return.
- File a paper Form 1040X if a tax return has been filed. A separate paper Form 1040X must be filed for each year in question.

**Step 2: Properly identify the return.** Properly identify the return by providing the conflict or action on which the claim for tax forgiveness is based.

- All returns and claims must be identified by writing "Iraqi Freedom—KIA," "Enduring Freedom—KIA," "Kosovo Operation—KIA," "Desert Storm—KIA," or "Former Yugoslavia—KIA" in bold letters on the top of page 1 of the return or claim.
- On Forms 1040 and 1040X, the phrase "Iraqi Freedom—KIA," "Enduring Freedom—KIA," "Kosovo Operation—KIA," "Desert Storm—KIA," or "Former Yugoslavia—KIA" must be written on the line for total tax.
- If the individual was killed in a terrorist action, write "KITA" on the front of the return and on the line for total tax.

**Step 3: Include a Before and After Tax Forgiveness Computation.** Include an attachment with a computation of the decedent's tax liability before any amount is forgiven and the amount that is to be forgiven. For computations when the decedent has filed joint returns or the spouse has filed as married filing separately, see below.

**Computation when the decedent filed joint returns.** Only the decedent's part of the joint income tax liability is eligible for the refund or tax forgiveness. To determine the decedent's part, the person filing the claim must:

1. Figure the income tax for which the decedent would have been liable if a separate return had been filed,
2. Figure the income tax for which the spouse would have been liable if a separate return had been filed, and
3. Multiply the joint tax liability by a fraction. The top number of the fraction is the amount in (1) above. The bottom number of the fraction is the total of (1) and (2).

The amount in (3) is the decedent's tax liability that is eligible for the refund or tax forgiveness. If you are unable to complete this process, you should attach a statement of all income and deductions, indicating the part that belongs to each spouse. The IRS will determine the amount eligible for forgiveness.

**Computation when in a community property state.** If the decedent's legal residence was in a community property state and the spouse reported half the military pay on a separate return, the spouse can get a refund of taxes paid on his or her share of the pay for the years involved. The forgiveness of unpaid tax on the military pay also would apply to the half owed by the spouse for the years involved. See [Community Property](#), earlier, for a discussion of community property.

**Step 4: Provide Form 1310, if required.** Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, must accompany the return unless the person filing the return is:

- A surviving spouse filing a joint return, or
- A personal representative filing an original Form 1040 for the decedent and a court certificate showing the appointment as personal representative is attached to the return.

**Step 5: Provide the death certification.** The death certification must come from the proper agency.

For military and civilian employees of the DoD, certification must be made by the Department on DD Form 1300, Report Of Casualty.

For civilian employees of all other agencies who are killed overseas, certification must be a letter signed by the Director General of the Foreign Service, Department of State, or his or her delegate. The certification must include the deceased individual's name and social security number, the date of injury, the date of death, and a statement that the individual died as the result of a terrorist or military action. If the individual died as a result of a terrorist or military action outside the United States, the statement also must include the fact that the individual was a U.S. employee on the date of injury and on the date of death.

**Can I get more time to file if I don't have enough tax information by the deadline?** If the death certification

required in [Step 5](#) has been received but there isn't enough tax information to file a timely claim for refund, file Form 1040X with Form 1310 by the deadline. Include a statement saying that an amended claim will be filed as soon as the necessary tax information is available. File the amended Form 1040X as soon as you get the needed tax information.

## Who Can File a Claim for Tax Forgiveness?

If a member of the Armed Forces dies, a surviving spouse or personal representative handles duties such as filing any tax returns and claims for refund involving tax forgiveness. A personal representative can be an executor, administrator, or anyone who is in charge of the decedent's assets.

## Deadline for Filing a Claim for Tax Forgiveness

Whether a credit or refund is requested, generally, the period for filing the claim is 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later. If the decedent's return was filed before it was due, it will be considered filed on the [regular due date](#), usually April 15.

**Extension of deadline when the death is combat zone related.** If the death occurred in a combat zone or from wounds, disease, or injury incurred in a combat zone, the deadline for filing a claim for credit or refund is extended using the rules discussed later under [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#).

## Where To File a Return Requesting Tax Forgiveness

A return requesting tax forgiveness must be filed at the following address.

Internal Revenue Service  
333 W. Pershing, Stop 6503, P5  
Kansas City, MO 64108

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## Filing Returns

This section discusses the procedures members of the Armed Forces should follow when filing their federal income tax returns. These same rules apply when the return is filed on behalf of a member of the Armed Forces, for example, by a tax preparer or by a surviving spouse or personal representative. Special rules apply when filing returns for those involved in a combat zone or a contingency operation. See [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#), later.

**What is my filing status if I am in a same-sex marriage?** For federal tax purposes, marriages of couples of



the same sex are treated the same as marriages of couples of the opposite sex. The term “spouse” includes an individual married to a person of the same sex. You must select married, or married filing separately, as your filing status.

**What is my filing status if I am in a registered domestic partnership, civil union, or other similar relationship?** If you have entered into a registered domestic partnership, civil union, or other similar relationship that isn't considered a marriage under state (or foreign) law, you aren't considered married for federal tax purposes. You must select single (or head of household if eligible) as your filing status. For more details, see Pub. 501.

## Where To File My Return

**Electronic filing (e-filing) of your tax return.** You are encouraged to *e-file* your return. Eight in 10 taxpayers get their refunds faster by using direct deposit and *e-file*. You can *e-file* your 2018 federal income tax return free through Free File if your 2018 adjusted gross income was \$66,000 or less. Go to IRS.gov and click on the *e-file* icon for more information on *e-filing* and Free File.

If you *e-file* your return, there is no need to mail it.

**Paper returns.** A tax return for [Forgiveness of Decedent's Tax Liability](#), discussed earlier, must be filed on paper. For the address where those returns should be filed, see [Where To File a Return Requesting Tax Forgiveness](#) under *Forgiveness of Decedent's Tax Liability*, earlier.

If you choose to file a federal income tax return on paper and you aren't claiming tax forgiveness on the return, send your federal tax return to the Internal Revenue Service Center for the place where you live. The Instructions for Form 1040 give the address for the service centers. If you are overseas and have an APO or FPO address, file your return with the Internal Revenue Service Center listed for an APO or FPO address.

**Example.** Sgt. Kane, who is stationed in Maine but whose permanent home address is in California, should send her federal return to the service center for Maine.

## When To File My Return

Most individuals must file their tax returns by the [regular due date](#). You may be eligible for an extension. Some extensions are automatic, some aren't. See [Extensions of Deadlines To File Your Tax Return, To Pay Your Taxes, and for Other Actions](#), later.

## What Is the Regular Due Date of My Return?

For calendar year taxpayers, the regular due date is April 15 of the following year. If April 15 falls on a Saturday, Sunday, or legal holiday, your tax return is considered timely filed if it is filed by the next business day that isn't a Saturday, Sunday, or legal holiday. For 2018 tax returns, the due date is April 15, 2019. If you live in Maine or Massachusetts, you have until April 17, 2019, because of the

Patriots' Day holiday in those states and the Emancipation Day holiday in the District of Columbia.

## When Is the Latest I Can Pay My Tax?

You should always pay your tax by the [regular due date](#) for filing your return. An extension of time to file doesn't mean you have an extension of time to pay any tax due. You must estimate your tax due and pay it by the regular due date for the return unless you qualify for one of the extensions described in [Can I delay my payment of income taxes](#) next. You don't have to send in any payment of tax due when you file Form 4868. However, if you pay the tax after the regular due date, you will be charged interest from the regular due date to the date the tax is paid. You also may be charged a penalty for paying the tax late unless you have reasonable cause for not paying your tax when due.

You can pay your taxes by authorizing an electronic funds withdrawal from your checking or savings account. For the various ways to electronically pay your taxes, see your tax return instructions or visit [IRS.gov/Payments](#). Or you can mail a Form 1040-V with the payment. See Form 1040-V and its instructions at [IRS.gov/Form1040V](#).

**Can I delay my payment of income taxes?** If you are a member of the Armed Forces, you may qualify for an extension of time to pay income tax that becomes due before or during your military service.

If you serve in a combat zone, have qualifying service outside a combat zone, or are outside the United States in a contingency operation, you may be eligible for the extension discussed in [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#), later.

If you don't meet the criteria detailed in [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation](#), you still may be able to extend the time to pay your tax. See [Can I Get an Extension To Pay My Tax if I Am Not in a Combat Zone or a Contingency Operation](#), later.



If you are unable to pay the tax owed by the end of the extension period, you may want to ask the IRS for an installment payment agreement that reflects your ability to pay the tax owed. To do that, go online to [IRS.gov/Payments](#), call, or download and file Form 9465, which is available at IRS.gov.

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# Extensions of Deadlines To File Your Tax Return, To Pay Your Taxes, and for Other Actions

In this section, we discuss extensions of the deadlines for tax return filing, tax payments, and other actions. We discuss extensions related to combat zone service and contingency operations, and those not related to combat zone service and contingency operations.

- [Can I Get an Extension To File My Return if I Am Not in a Combat Zone or a Contingency Operation?](#)
- [Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation?](#)
- [Can I Get an Extension To Pay My Tax if I Am Not in a Combat Zone or a Contingency Operation?](#)

## Can I Get an Extension To File My Return if I Am Not in a Combat Zone or a Contingency Operation?

If you aren't in a combat zone or a contingency operation, you still may be eligible for an extension of time to file your return. Different rules apply depending on whether you live inside or outside the United States.

### Getting an Extension if I Am Inside the United States

If you are inside the United States, you can receive an automatic 6-month extension to file your return if you either file Form 4868, or pay any part of your expected tax due by credit or debit card, by the [regular due date](#) of your return. You can file Form 4868 electronically or on paper. See Form 4868 for details.

The extension of time to file is automatic, and you won't receive any notice of approval. However, your request for an extension will be denied if it isn't made timely. The IRS will inform you of the denial.



*You can't use the automatic extension if you choose to have the IRS figure the tax or you are under a court order to file your return by the [regular due date](#).*

**Where on my return do I enter the amount paid with my request for an extension?** Enter the amount you paid with your request for the extension on Schedule 5 (Form 1040), line 71.

### Getting an Extension if I Am Outside the United States and Puerto Rico

If you are outside the United States and Puerto Rico, there are two automatic extensions that apply to you and a third extension that is discretionary.

**The automatic 2-month extension.** If you are a U.S. citizen or resident alien, you qualify for an automatic 2-month extension of time without filing Form 4868 if either of the following situations applies to you.

**Situation 1.** You live outside the United States and Puerto Rico and your main place of business or post of duty is outside the United States and Puerto Rico.

**Situation 2.** You are in military or naval service on an assigned tour of duty outside the United States and Puerto Rico for a period that includes the entire due date of the return.

You will be charged interest on any amount not paid by the [regular due date](#) until the date the tax is paid.

If you use this automatic extension, you must attach a statement to the return showing that you are described in Situation 1 or 2 above.

**What if I'm filing a joint return?** A married couple filing a joint return is given the automatic 2-month extension if one of the spouses met the requirement under Situation 1 or Situation 2 above.

**What if I'm filing as married filing separately?** For married persons filing separate returns, only the spouse who satisfies the criteria in Situation 1 or Situation 2 qualifies for the automatic 2-month extension.

**The additional automatic 4-month extension (Form 4868).** You can request an additional 4-month extension by filing Form 4868 by June 17, 2019, for a 2018 calendar-year tax return. Check the box on line 8. This will extend your due date to October 15, 2019, if you are a calendar-year taxpayer.

**The additional discretionary 2-month extension.** In addition to the 6-month extension (automatic 2-month and additional automatic 4-month extensions), you can request a discretionary 2-month additional extension of time to file your return to December 15, 2019, if you are a calendar-year taxpayer.

To request this extension, you must send the Internal Revenue Service a letter explaining the reasons why you need the additional 2 months. Send the letter by the extended due date (October 15, 2019, if you are a calendar-year taxpayer) to the following address:

Department of the Treasury  
Internal Revenue Service Center  
Austin, TX 73301-0045

You will not receive any notification from the Internal Revenue Service unless your request is denied.

## Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation?

The postponements for filing, tax payment, and the other actions listed in [For Which Actions Are My Deadlines Extended](#), later, such as collection and examination actions, are specifically for persons in the Armed Forces in combat zones or contingency operations. As noted in some of our earlier discussions, these postponements are referred to as “extensions of deadlines.”

### What Type of Service Will Qualify Me for These Extensions?

You will qualify for these extensions if either of the following statements is true.

- You serve in the Armed Forces in a combat zone or you have qualifying service outside of a combat zone.
- You serve in the Armed Forces on deployment outside the United States away from your permanent duty station while participating in a contingency operation. A contingency operation is a military operation that is designated by the Secretary of Defense or results in calling members of the uniformed services to active duty (or retains them on active duty) during a war or a national emergency declared by the President or Congress.

See [Combat Zone Defined](#), earlier, under *Combat Pay Exclusion*, for the beginning dates for the Afghanistan area combat zone, the Kosovo area combat zone, the Arabian Peninsula combat zone, and the Sinai Peninsula.

#### Do the extensions apply to those in missing status?

Time in a missing status (missing in action or prisoner of war) counts as time in a combat zone or a contingency operation.

#### Do the extensions apply to support personnel?

Deadlines also are extended if you are serving in a combat zone or a contingency operation in support of the Armed Forces. This applies to Red Cross personnel, accredited correspondents, and civilian personnel acting under the direction of the Armed Forces in support of those forces.

**Do the extensions apply to spouses?** Spouses of individuals who served in a combat zone or contingency operation are entitled to the same deadline extensions with two exceptions.

- The extension doesn't apply to a spouse for any tax year beginning more than 2 years after the date the area ceases to be a combat zone or the operation ceases to be a contingency operation.
- The extension doesn't apply to a spouse for any period the qualifying individual is hospitalized in the Uni-

ted States for injuries incurred in a combat zone or contingency operation.

### How Much Extra Time Do These Extensions Give Me?

Your deadline for filing your return, paying your tax, claiming a refund, and taking other actions with the IRS is extended in two steps.

First, your deadline is extended for 180 days after the later of the following.

1. The last day you are in a combat zone, have qualifying service outside of the combat zone, or serve in a contingency operation (or the last day the area qualifies as a combat zone or the operation qualifies as a contingency operation).
2. The last day of any continuous [qualified hospitalization](#) (defined later) for injury from service in the combat zone or contingency operation or while performing qualifying service outside of the combat zone.

Second, in addition to the 180 days, your deadline is extended by the number of days that were left for you to take the action with the IRS when you entered a combat zone (or began performing qualifying service outside the combat zone) or began serving in a contingency operation. If you entered the combat zone or began serving in the contingency operation before the period of time to take the action began, your deadline is extended by the entire period of time you have to take the action. For example, you had 3<sup>1</sup>/<sub>2</sub> months (January 1–April 17, 2018) to file your 2017 tax return. Any days of this 3<sup>1</sup>/<sub>2</sub> month period that were left when you entered the combat zone (or the entire 3<sup>1</sup>/<sub>2</sub> months if you entered the combat zone by January 1, 2018) are added to the 180 days when determining the last day allowed for filing your 2017 tax return.

**Example 1.** Captain Margaret Jones, a resident of Maryland, entered Saudi Arabia on December 1, 2016. She remained there through March 31, 2018, when she departed for the United States. She wasn't injured and didn't return to the combat zone. The deadlines for filing Captain Jones' 2016, 2017, and 2018 returns are figured as follows.

**The 2016 tax return.** The deadline is January 13, 2019. This deadline is 288 days (180 plus 108) after Captain Jones' last day in the combat zone (March 31, 2018). The 108 additional days are the number of days in the 3<sup>1</sup>/<sub>2</sub>-month filing period that were left when she entered the combat zone (January 1–April 18, 2017).

**The 2017 tax return.** The deadline is January 12, 2019. The deadline is 287 days (180 plus 107) after Captain Jones' last day in the combat zone (March 31, 2018). The 107 additional days are the number of days in the 3<sup>1</sup>/<sub>2</sub>-month filing period that were left when she entered the combat zone (January 1–April 17, 2018).



**The 2018 tax return.** The deadline isn't extended because the 180-day extension period after March 31, 2018, plus the number of days left in the filing period when she entered the combat zone (105) ends on January 10, 2019, which is before the due date for her 2018 return (April 15, 2019).

**TIP** *When the due date for doing any act for tax purposes—filing a return, paying taxes, etc.—falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day.*

**Example 2.** You generally have 3 years from April 17, 2018, to file a claim for refund against your timely filed 2017 tax return. This means that your claim normally must be filed by April 15, 2021. However, if you serve in a combat zone from November 1, 2020, through March 23, 2021, and aren't injured, your deadline for filing that claim is extended 346 days (180 plus 166) after you leave the combat zone. This extends your deadline to March 7, 2022. The 166 additional days are the number of days in the 3-year period for filing the refund claim that were left when you entered the combat zone on November 1 (November 1, 2020–April 15, 2021).

**Qualified hospitalization.** The hospitalization must be the result of an injury received while serving in a combat zone or a contingency operation. Qualified hospitalization means:

- Any hospitalization outside the United States, and
- Up to 5 years of hospitalization in the United States.

**Example.** Petty Officer Leonard Brown's ship entered the Persian Gulf on January 5, 2017. On February 15, 2017, Petty Officer Brown, a resident of Maryland, was injured and was flown to a U.S. hospital. He remained in the hospital through April 21, 2018. The deadlines for filing Petty Officer Brown's 2016, 2017, and 2018 returns are figured as follows.

**The 2016 tax return.** The deadline is January 31, 2019. Petty Officer Brown has 283 days (180 plus 103) after his last day in the hospital (April 21, 2018), to file his 2016 return. The 103 additional days are the number of days in the 3½-month filing period that were left when he entered the combat zone (January 5–April 18, 2017).

**The 2017 tax return.** The deadline is February 2, 2019. Petty Officer Brown has 289 days (180 plus 107) after April 21, 2018, to file his 2017 tax return. The 107 additional days are the number of days in the 2017 filing period that were left when he entered the combat zone (January 1–April 17, 2018).

**The 2018 tax return.** The deadline isn't extended because the 180-day extension period after April 21, 2018, plus the number of days left in the filing period when he entered the combat zone (105) ends on January 31, 2019, which is before the due date for his 2018 return (April 15, 2019).

## For Which Actions Are My Deadlines Extended?

The actions to which this deadline extension provision applies include:

- Filing any return of income, estate, gift, employment, or excise tax;
- Paying any income, estate, gift, employment, or excise tax;
- Filing a petition with the Tax Court for redetermination of a deficiency, or for review of a Tax Court decision;
- Filing a claim for credit or refund of any tax;
- Bringing suit for any claim for credit or refund;
- Making a qualified retirement contribution to an IRA;
- Allowing a credit or refund of any tax by the IRS;
- Assessment of any tax by the IRS;
- Giving or making any notice or demand by the IRS for the payment of any tax, or for any liability for any tax;
- Collection by the IRS of any tax due (**Note.** As a result of section 309 of Public Law 114-113, the second bullet under [How Much Extra Time Do These Extensions Give Me](#), earlier, discussing continuous qualified hospitalization doesn't apply when figuring the period for the IRS to take collection actions for taxes, even those assessed before the law was enacted); and
- Bringing suit by the United States for any tax due.

If the IRS takes any actions covered by these provisions or sends you a notice of examination before learning that you are entitled to an extension of the deadline, contact your legal assistance office. No penalties or interest will be imposed for failure to file a return or pay taxes during the extension period.

Other actions to which the deadline extension provision applies are listed in Revenue Procedure 2018-58, available at [IRS.gov/irb/2018-50\\_IRB#RP-2018-58](https://www.irs.gov/irb/2018-50_IRB#RP-2018-58).

**TIP** *Even though the deadline is extended, you may want to file a return earlier to receive any refund due. See [Filing Returns](#), earlier.*

## Can I Get an Extension To Pay My Tax if I Am Not in a Combat Zone or a Contingency Operation?

If you are a member of the Armed Forces, you may qualify for an extension to pay (that is, defer or delay payment of) income tax that becomes due before or during your military service. To qualify, you must:

- Be performing military service, and
- Notify the IRS that your ability to pay the income tax has been materially affected by your [military service](#) (defined later).

You will then be allowed up to 180 days after termination or release from military service to pay the tax. If you



pay the tax in full by the end of the extension period, you won't be charged interest or penalty for that period.

This exception doesn't apply to the employee's share of social security and Medicare taxes.

**Military service.** The term "military service" means the period beginning on the date on which you enter military service and ending on the date on which you are released from military service or die while in military service. If you are a member of the National Guard, your military service will include service meeting all three of the following criteria.

- Under a call to active service authorized by the President or the Secretary of Defense.
- For a period of more than 30 consecutive days under section 502(f) of title 32, United States Code.
- For purposes of responding to a national emergency declared by the President and supported by federal funds.

#### **How do I request an extension of time to pay my tax?**

If you have a current payment agreement (such as an installment agreement), you must make a written request for an extension of time to pay the tax to the IRS office where you have the agreement.

If you don't have a current payment agreement, you must wait until you receive a notice asking for payment before you request an extension of time to pay the tax. Once you have received a notice, you must make a written request for an extension of time to pay the tax to the IRS office that issued the notice.

In either case, your request must include:

- Your name,
- Social security number,
- Monthly income and source of income before military service,
- Current monthly income,
- Military rank,
- Date you entered military service, and
- Date you are eligible for discharge.

If possible, enclosing a copy of your orders would be helpful.

**How will I know if my request for an extension of time to pay the tax has been granted?** The IRS will review your request and advise you in writing of its decision. Should you need further assistance, go to [IRS.gov/UAC/Tax-Law-Questions](https://www.irs.gov/UAC/Tax-Law-Questions) for a wide selection of resources.

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## **Maximum Rate of Interest When There Is Hardship**

Section 207 of the Servicemembers Civil Relief Act may limit the maximum interest rate you can be charged to 6% per year for obligations or liabilities incurred before your

entry into military service. The reduced rate will apply only if your service materially affects your ability to pay. This rate applies only to that interest charged during the period of your military service.

To substantiate your claim for this reduced interest rate, you must furnish the IRS a copy of your orders or reporting instructions that detail the call to military service. You must do so no later than 180 days after the date of your termination or release from military service.

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## **Tax Returns of Aliens**

For tax purposes, an alien is an individual who isn't a U.S. citizen. An alien is in one of the three categories discussed below: [resident](#), [nonresident](#), or [dual-status](#). Placement in the correct category is crucial in determining what income to report and what forms to file.

***If you are an alien and in the Armed Forces.*** Most members of the Armed Forces are U.S. citizens or resident aliens. Under peacetime enlistment rules, you generally can't enlist in the Armed Forces unless you are a citizen or have been legally admitted to the United States for permanent residence. If you are an alien enlistee in the Armed Forces, you are probably a resident alien. If, under an income tax treaty, you are considered a resident of a foreign country, see your base legal officer. Other aliens who are in the United States only because of military assignments and who have a home outside the United States are nonresident aliens. Guam and Puerto Rico have special rules. Residents of those areas should contact their taxing authority with their questions.

If you have questions about your alien status or the alien status of your dependents or spouse, you should read the information in the following paragraphs and see Pub. 519.

### **Resident Aliens**

**What are the tax consequences of being a resident alien?** Generally, resident aliens are taxed on their worldwide income and file the same tax forms as U.S. citizens.

**Am I a resident alien?** You are considered a resident alien of the United States for tax purposes if you meet either the "green card test" or the "substantial presence test" for the calendar year (January 1–December 31).

You may be able to choose to be treated as a U.S. resident for part of 2018 if you:

- Met the substantial presence test for 2017;
- Didn't meet either the green card test or the substantial presence test for 2017 or 2018; and
- Didn't choose to be treated as a resident for part of 2018.

See *First-Year Choice* in Pub. 519. These tests are explained in Pub. 519.

### Treating nonresident alien spouse as resident alien.

A nonresident alien spouse can be treated as a resident alien if all the following conditions are met.

- One spouse is a U.S. citizen or resident alien at the end of the tax year.
- That spouse is married to the nonresident alien at the end of the tax year.
- You both choose to treat the nonresident alien spouse as a resident alien.

**Making the choice.** Both you and your spouse must sign a statement and attach it to your joint return for the first tax year for which the choice applies. Include in the statement:

- A declaration that one spouse was a nonresident alien and the other was a U.S. citizen or resident alien on the last day of the year;
- A declaration that both spouses choose to be treated as U.S. residents for the entire tax year; and
- The name, address, and taxpayer identification number (social security number or individual taxpayer identification number) of each spouse. If the nonresident alien spouse isn't eligible to get a social security number, he or she should file Form W-7, Application for IRS Individual Taxpayer Identification Number. For more details regarding this statement and on making this election, see *Nonresident Spouse Treated as a Resident* in chapter 1 of Pub. 519.



*Once you make this choice, the nonresident alien spouse's worldwide income is subject to U.S. tax. If the nonresident alien spouse has substantial foreign income, there may be no advantage to making this choice. Also, if you make this election, you may forfeit the right to claim benefits otherwise available under a U.S. tax treaty.*

**Ending the choice.** Once you make this choice, it applies to all later years unless one of the following situations occurs.

- You or your spouse revokes the choice.
- You or your spouse dies.
- You and your spouse become legally separated under a decree of divorce or separate maintenance.
- The IRS ends the choice because you or your spouse kept inadequate records.

For specific details on these situations, see Pub. 519.

If the choice is ended for any of these reasons, neither spouse can make the choice for any later year.

**Choice not made.** If you and your nonresident alien spouse don't make this choice, the following restrictions apply.

- You can't file a joint return. You can file as married filing separately, or head of household if you qualify.
- You can claim an exemption for your nonresident alien spouse if he or she has no gross income for U.S. tax purposes and isn't another taxpayer's dependent.

- The nonresident alien spouse generally doesn't have to file a federal income tax return if he or she had no income from sources in the United States. If the spouse has to file a return, see [Nonresident Aliens](#) below. The nonresident alien spouse isn't eligible for the earned income credit, the credit for the elderly or disabled, or any education credit if he or she has to file a return.

## Nonresident Aliens

**Am I a nonresident alien?** You are a nonresident alien if you are an alien who doesn't meet the requirements discussed earlier for being classified as a resident alien.

**What are the tax consequences of being a nonresident alien?** If you are required to file a federal tax return, you must file either Form 1040NR, U.S. Nonresident Alien Income Tax Return, or Form 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents. See these forms' instructions for information on who must file and filing status.

If you are a nonresident alien, you generally must pay tax on income from sources in the United States. Your income from conducting a trade or business in the United States is taxed at graduated U.S. tax rates. Other income from U.S. sources is taxed at a flat 30% (or lower treaty) rate. For example, dividends from a U.S. corporation paid to a nonresident alien generally are subject to a 30% (or lower treaty) rate.

## Dual-Status Aliens

**Am I a dual-status alien?** You are a dual-status alien if you are both a nonresident and resident alien during the same tax year. This usually occurs in the year you arrive in or depart from the United States.

**What are the tax consequences of being a dual-status alien?** If you are a dual-status alien, you are taxed on income from all sources for the part of the year you are a resident alien. Generally, for the part of the year you are a nonresident alien, you are taxed only on income from sources in the United States. See the Instructions for Form 1040NR for more information.

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## Signing Returns

Generally, you must sign your return. If you *e-file* your tax return, you must validate your signature. To validate your signature, you must use your prior-year adjusted gross income or prior-year self-select PIN. See *Electronic Return Signatures* in your tax return instructions.

If you are overseas or incapacitated, you can grant a power of attorney to an agent to file and sign your return.

If you are acting on behalf of your spouse, see [Do both my spouse and I have to sign our joint return](#), later.

**Form 2848, Power of Attorney and Declaration of Representative.** A power of attorney can be granted by filing Form 2848. These forms are available at your nearest legal assistance office. While other power of attorney forms can be used, they must contain the information required by Form 2848.

In Part I of the form, you must indicate that you are granting the power to sign the return, the tax form number, and the tax year for which the form is being filed. Attach the power of attorney to the tax return.

**Do both my spouse and I have to sign our joint return?** Generally, joint returns must be signed by both spouses. However, when a spouse is [overseas](#), [in a combat zone](#), [in a missing status](#), [incapacitated](#), or [deceased](#), one spouse may sign for the other when the conditions described below are met. Otherwise, a power of attorney may be needed.

**Spouse overseas.** If one spouse is overseas on military duty, there are two options when filing a joint return.

- One spouse can prepare the return, sign it, and send it to the other spouse to sign early enough so that it can be filed by the due date; or
- The spouse who expects to be overseas on the due date of the return can file Form 2848 specifically designating that the spouse who remains in the United States can sign the return for the absent spouse.

**Spouse in combat zone.** If your spouse is unable to sign the return because he or she is serving in a combat zone or is performing qualifying service outside of a combat zone, and you don't have a power of attorney or other statement, you can sign for your spouse. Attach a signed statement to your return that explains that your spouse is serving in a combat zone.

**Spouse in missing status.** The spouse of a member of the Armed Forces who is in a missing status in a combat zone can still file a joint return. A joint return can be filed for any year beginning not more than 2 years after the end of the combat zone activities. A joint return filed under these conditions is valid even if it is later determined that the missing spouse died before the year covered by the return.

**Spouse incapacitated.** If your spouse can't sign because of disease or injury and he or she tells you to sign, you can sign your spouse's name in the proper space on the return, followed by the words "by [your name], Husband (or Wife)." Be sure to sign your name in the space provided for your signature. Attach a dated statement, signed by you, to your return. The statement should include the form number of the return you are filing, the tax year, the reason your spouse couldn't sign, and that your spouse has agreed to your signing for him or her.

**Spouse died during the year.** If one spouse died during the year and the surviving spouse didn't remarry before the end of the year, the surviving spouse can file a joint return for that year writing in the signature area "Filing as surviving spouse." If an executor or administrator has

been appointed, both he or she and the surviving spouse must sign the return filed for the decedent.

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## How To Get Tax Help

Most military installations offer some degree of free tax assistance at their installation legal assistance offices. If your installation doesn't offer such assistance, check one of the nearby installations and consider visiting an office from another Service (for example, Air Force personnel may want to visit an Army Legal Assistance Office or Tax Center) or visit [www.militaryonesource.mil](http://www.militaryonesource.mil).

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](http://IRS.gov) and find resources that can help you right away.

**Tax reform.** Major tax reform legislation impacting individuals, businesses, and tax-exempt entities was enacted in the Tax Cuts and Jobs Act on December 22, 2017. Go to [IRS.gov/TaxReform](http://IRS.gov/TaxReform) for information and updates on how this legislation affects your taxes.

**Preparing and filing your tax return.** Find free options to prepare and file your return on [IRS.gov](http://IRS.gov) or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make \$55,000 or less, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to [IRS.gov](http://IRS.gov) to see your options for preparing and filing your return which include the following.

- **Free File.** Go to [IRS.gov/FreeFile](http://IRS.gov/FreeFile) to see if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to [IRS.gov/VITA](http://IRS.gov/VITA), download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
- **TCE.** Go to [IRS.gov/TCE](http://IRS.gov/TCE), download the free IRS2Go app, or call 888-227-7669 to find the nearest TCE location for free tax return preparation.



**Getting answers to your tax questions.** On [IRS.gov](http://IRS.gov), get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](http://IRS.gov/Help) for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/ITA](http://IRS.gov/ITA) for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.



- Go to [IRS.gov/Pub17](https://www.irs.gov/pub17) to get Pub. 17, Your Federal Income Tax for Individuals, which features details on tax-saving opportunities, 2018 tax changes, and thousands of interactive links to help you find answers to your questions. View it online in HTML, as a PDF, or download it to your mobile device as an eBook.
- You may also be able to access tax law information in your electronic filing software.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](https://www.irs.gov/forms) to view, download, or print all of the forms and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 instructions) on mobile devices as an eBook at no charge. Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/orderforms) to place an order and have forms mailed to you within 10 business days.

**Access your online account (individual taxpayers only).** Go to [IRS.gov/Account](https://www.irs.gov/account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.
- Go to [IRS.gov/SecureAccess](https://www.irs.gov/secureaccess) to review the required identity authentication process.

**Using direct deposit.** The fastest way to receive a tax refund is to combine direct deposit and IRS *e-file*. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

**Refund timing for returns claiming certain credits.** The IRS can't issue refunds before mid-February 2019 for returns that claimed the earned income credit (EIC) or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

**Getting a transcript or copy of a return.** The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/transcripts). Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can:

- Order your transcript by calling 800-908-9946, or
- Mail Form 4506-T or Form 4506T-EZ (both available on IRS.gov).

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](https://www.irs.gov/tools) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EITCAssistant\)](https://www.irs.gov/eitcassistant) determines if you're eligible for the EIC.
- The [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/ein) helps you get an employer identification number.

- The [IRS Withholding Calculator \(IRS.gov/W4App\)](https://www.irs.gov/w4app) estimates the amount you should have withheld from your paycheck for federal income tax purposes and can help you perform a "paycheck checkup."
- The [First Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](https://www.irs.gov/homebuyer) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/SalesTax\)](https://www.irs.gov/sales-tax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

### Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to [IRS.gov/IDProtection](https://www.irs.gov/idprotection) for information.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/IdentityTheft](https://www.irs.gov/identitytheft) to learn what steps you should take.

### Checking on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/refunds).
- The IRS can't issue refunds before mid-February 2019 for returns that claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

**Making a tax payment.** The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/payments) to make a payment using any of the following options.

- **IRS Direct Pay:** Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- **Debit or credit card:** Choose an approved payment processor to pay online, by phone, and by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.



- **Check or money order:** Mail your payment to the address listed on the notice or instructions.
- **Cash:** You may be able to pay your taxes with cash at a participating retail store.

**What if I can't pay now?** Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://www.irs.gov/OPA) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier \(IRS.gov/OIC\)](https://www.irs.gov/OIC) to see if you can settle your tax debt for less than the full amount you owe.

**Checking the status of an amended return.** Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended return for it to show up in our system and processing it can take up to 16 weeks.

**Understanding an IRS notice or letter.** Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

**Contacting your local IRS office.** Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Tax Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

**Watching IRS videos.** The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/IRSVideos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

**Getting tax information in other languages.** For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- [Spanish \(IRS.gov/Spanish\)](https://www.irs.gov/Spanish).
- [Chinese \(IRS.gov/Chinese\)](https://www.irs.gov/Chinese).
- [Vietnamese \(IRS.gov/Vietnamese\)](https://www.irs.gov/Vietnamese).
- [Korean \(IRS.gov/Korean\)](https://www.irs.gov/Korean).
- [Russian \(IRS.gov/Russian\)](https://www.irs.gov/Russian).

The IRS TACs provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

## The Taxpayer Advocate Service (TAS) Is Here To Help You

### What is TAS?

TAS is an *independent* organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](https://www.irs.gov/TaxpayerBillOfRights).

### How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](https://www.irs.gov/TaxpayerAdvocate) to help you understand [what these rights mean to you](https://www.irs.gov/TaxpayerAdvocate) and how they apply. These are *your* rights. Know them. Use them.

### What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

### How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](https://www.irs.gov/TaxpayerAdvocate). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](https://www.irs.gov/TaxpayerAdvocate). You can also call them at 877-777-4778.

### How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at [IRS.gov/SAMS](https://www.irs.gov/SAMS).

TAS also has a website, [Tax Reform Changes](https://www.irs.gov/TaxReformChanges), which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by tax topic in the order of the IRS Form 1040. Go to [TaxChanges.us](https://www.irs.gov/TaxChanges) for more information.

### Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need

to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or

a small fee. To find a clinic near you, visit [TaxpayerAdvocate.IRS.gov/LITCmap](https://www.irs.gov/advocate/litcmap) or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).

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