



## Military Personnel and their Families

Many enlisted members of the military earn less than \$30,000 and are raising children. In addition, many National Guard members and Reservists have been activated for duty, which can result in a significant reduction in a family's income. Military families may qualify for tax benefits such as the EIC or CTC, but may not realize they are eligible.

To address the needs of these families, the Office of the Secretary of Defense, in partnership with the IRS, has established VITA sites at 300 U.S. military installations. Military VITA sites file about 300,000 federal returns each year. While such assistance is important, it may not reach some members of the military or their families. Family members who do not live near a military post may not get the relevant tax information they need, since they may seek help from people who are not well-versed in the special rules regarding military pay and eligibility for the EIC and CTC.



As part of the Earned Income Tax Credit/Smartbucks Alliance, United Way of the Mid-South (UWMS) in Memphis, Tennessee has worked with two VITA sites on military bases for more than ten years. Flyers are posted on the bases to promote the service and help recruit volunteer tax preparers. In 2009, the Naval Legal Service Office prepared 490 tax returns and the Tennessee Air National Guard completed 71 returns.

**Contact:** Yvonne Howard, UWMS, (901) 433-3134 or [yvonne.howard@uwmidsouth.org](mailto:yvonne.howard@uwmidsouth.org).

### Strategies

- Contact the Family Assistance Center for the military unit in your area to ensure it is aware of the EIC, CTC and free tax filing assistance programs in the community. The National Military Family Association provides links at its website to Family Assistance Centers for the National Guard and Reserves. The American Red Cross and the Boys and Girls Clubs of America are other organizations that provide support to families of units called up for active duty. Their local chapters may also be good points of contact for efforts to reach military families. *Contact the Government Relations Department, National Military Family Association, at 1-800-260-0218 or at [families@nmfa.org](mailto:families@nmfa.org) for suggestions on who to contact or visit [www.nmfa.org/site/PageServer?pagename=links#FamilyAssistance](http://www.nmfa.org/site/PageServer?pagename=links#FamilyAssistance).*
- Contact a near-by military installation that has a VITA site. Ask how to refer members of the military living off-post to the VITA services offered at the post or base.

## ***Glad You Asked That!***

**Q:** Can military personnel claim the EIC and the CTC?

**A:** Yes. Military personnel can claim the credits whether they live in the U.S. or overseas. The IRS considers an individual assigned to an overseas tour of duty to be temporarily absent from the U.S. due to a special circumstance. Military personnel who live with qualifying children while stationed on active duty outside the U.S. can be eligible for the tax credits. Even if their qualifying children remain in the U.S., the children may be claimed for the EIC and the CTC. Military couples living apart due to a military assignment must still file a joint return to claim the EIC and the CTC.

**Q:** Can an individual serving in the military be considered a qualifying child for the EIC?

**A:** An individual serving in the military who is under age 19 may be claimed as a qualifying child for the EIC. The individual is considered to be temporarily absent due to the military assignment.

**Q:** How is combat pay counted in determining eligibility for the EIC?

**A:** Military pay received in a combat zone is non-taxable earned income, but it is treated differently than other forms of non-taxable earned income for EIC purposes. Military personnel can choose to count combat pay when figuring their eligibility for the EIC if it is an advantage. For example, adding combat pay to a family's earnings might raise the family's income above the EIC eligibility limit and the family would not want to count it. However, in families with little income, counting combat pay could result in a larger EIC and the family would want to do so.

**Q:** Does combat pay count for the CTC?

**A:** Combat pay must be counted as income in figuring the CTC. For the CTC, counting combat pay will always work to the family's advantage, enabling more military families to qualify.



**Find It On the Web** [www.cbpp.org/eic2010](http://www.cbpp.org/eic2010)

**More Outreach Strategies and Examples**

**More Questions and Answers on the Tax Credits and Military Personnel**

**Link to IRS Publication 3, "Tax Information for Military Personnel"**