

Review Shows U.S. Military Are Missing Out On Tax Benefits Reports Bambridge Accountants New York

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An audit of U.S. military tax reliefs shows improvements are needed reports the Enrolled Agents and accountants Bambridge Accountants.

The [Treasury Inspector General for Tax Administration](#) (TIGTA) issued a final report on May 26, 2020 after evaluating the IRS's assistance to current and former members of the military.

There are currently 2.8 million individuals serving in the U.S. military - 2.1 million service members and 700,000 civilians.

The TIGTA report found that:

- Combat Zone indicators are missing from accounts
- Veterans were not being notified of their right to claim disability severance payment refunds
- Refunds issued to veterans were not being calculated correctly
- Veterans from the Coast Guard had been excluded from the [Combat-Injured Veterans Tax Fairness Act of 2016](#)

Since the start of taxation in the United States there have been special Federal income tax benefits in recognition of the service of U.S. military and veterans.

One of the main military tax benefits is the Combat Zone Tax Relief - where compensation paid to noncommissioned U.S. Armed Forces personnel serving in a combat zone is excluded from tax. For commissioned officers, they can exclude from tax a proportion of their income while working in a combat zone.

There are also Combat Zone extensions for taxes. While normally, the U.S. tax year deadline is April 15 each year (due date extended to July 15 for 2020) - under the [Combat Zone extensions](#), there is an extension of time for filing and paying any taxes, extended for the period of service in the designated combat zone, plus 180 days after the last day in the combat zone.

During the extension period, assessment and collection deadlines will be extended - no interest or penalties will be applied for the extension period.

The report from TIGTA found that Combat Zone indicators were missing from individual accounts with the IRS which would mean that tax would be charged on income that should be tax-free under the military pay exclusion.

The tax report also found that additional steps should be taken to notify veterans of their right to claim a [disability service payment refund](#).

Finally, they found that veterans from the U.S. Coast Guard had been excluded from claiming refunds under the Combat-Injured Veterans Tax Fairness Act of 2016. The report recommends that the Act is modified to include veteran Coast Guards and allow them to claim a refund of withheld taxes.

Additional tax support for U.S. military and veterans

The military all around the world are entitled to claim the Economic Impact payment, the stimulus check, for \$1,200. This is a one-time non-taxable payment announced by The White House for all U.S. citizens.

[Miltax](#) is a Department of Defence funded program for military personnel. This service is designed to provide tax help specifically geared towards the military.

It is a free service that includes tax prep and e-filing software to aid the members with filing their tax return.

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[Tax Incentives and Reliefs for U.S. Military and Veterans](#) has been published by the Enrolled Agents and accountants Bambridge Accountants

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Bambridge Accountants has offices in London and New York, specializing in the U.S. military worldwide and [U.S. expats](#). Providing tax preparation and tax service tailored for military and veterans and offering clear, transparent fixed fees.

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