

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 312 **DATE:** February 13, 2015

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Authors: Dettmer and others

Subject: Income tax subtraction for military retirement pay; phased-in

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Overview

Allows an income tax subtraction for military retirement pay, phased in over five years beginning in tax year 2015.

Section

- 1 **Income tax subtraction; military retirement pay.** Allows an income tax subtraction for military retirement pay, including survivor's benefit plan payments. The subtraction would begin in taxable year 2012 and would be phased-in over five taxable years, on the following schedule:
 - 2015: 20 percent of military retirement pay;
 - 2016: 40 percent of military retirement pay;
 - 2017: 60 percent of military retirement pay;
 - 2018: 80 percent of military retirement pay;
 - 2019 and following years: 100 percent of military retirement pay.
- 2 **Alternative minimum taxable income.** Provides for military retirement pay allowed as a subtraction in section 1 to also be subtracted from alternative minimum taxable income. This is necessary to avoid shifting individuals who claim the subtraction in section 1 onto the alternative minimum tax, thereby also benefitting the military retiree.