

New Federal Law Benefits Nonresident Military Spouses

Qualified Spouses May Be Entitled to State Tax Refund for 2009

SACRAMENTO ([BUSINESS WIRE](#))-- The Franchise Tax Board (FTB) today (Dec. 8, 2009) announced that a new federal law exempts some civilian spouses' income from state income tax.

The newly-signed Military Spouses Residency Relief Act exempts personal service income and wages earned by taxpayers who reside with their military spouses. The couple must have relocated to California under military orders for the income to be exempt from California taxes. They must also share the same "domicile" or true home outside California where they intend to return and locate permanently.

The act does not exempt nonmilitary income of military personnel. States cannot tax any military pay of nonresident military personnel.

The new law applies to all of calendar year 2009, allowing refunds of any taxes withheld this year on the now exempt income. The refund form, *FTB Form 540NR, California Nonresident or Part-Year Resident Income Tax Return*, will be available from FTB in January 2010.

For future tax purposes, the Employment Development Department advises qualified taxpayers to submit new payroll withholding forms to prevent California tax withholding on future income.

FTB is updating its *Publication 1032, Tax Information for Military Personnel*, with guidelines on the new federal law. The publication will be available in mid-December online at ftb.ca.gov, at military bases, and at all [FTB Field Offices](#).

For military families who want help completing their tax forms, the Military Volunteer Income Tax Assistance Program (Military VITA) offers free tax help at many bases starting February 1. For information on VITA locations, visit FTB's website after February 1 or contact a Judge Advocate General's (JAG) office.

For more information on other taxes and fees in California, visit: www.taxes.ca.gov

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