

## EXEMPTION FOR MILITARY PENSIONS

### Prior Law

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Veterans were required to pay Iowa income tax on military retirement pay.

### New Provisions

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Veterans no longer have to pay Iowa income taxes on income received from military retirement pay. The military retirement pay is not included as income in determining if the taxpayer has sufficient income to file an Iowa income tax return, and is not included in the calculation of the Iowa alternate tax.

References to pensions and retirement income being included in taxpayers' net income now contain exclusions for military retirement pay.

New subsections directing taxpayers to exclude income from military retirement pay and survivor benefits were added to the statutory guidelines on calculating net income.

### Section Amended

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Section 1 of 2014 Iowa Acts Senate File 303 amends Section 422.5 subsection 3, paragraph a, Code 2014. Section 2 of 2014 SF 303 amends Section 422.5, subsection 3B, paragraph a, Code 2014. Section 3 of 2014 Senate File 303 adds new subsection 31A to Section 422.7, Code 2014. Section 4 of 2014 Senate File 303 adds new subsection 31B to Section 422.7, Code 2014.

### Effective Date

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Retroactive to January 1, 2014 for all tax years beginning on or after that date.