

Iowa Individual Income Tax

Military Personnel & Their Spouses

Tax information for individuals
from the

IOWA  Department of **REVENUE**

Where Do I Have to Pay Income Tax?

Military pay is taxable to the state in which the armed forces service member is a legal resident.

NOTE: Beginning with tax year 2011, an Iowa income tax exemption applies to all pay received from the federal government for military service performed while on active duty status in the armed forces, the armed forces military reserve, or the national guard.

How Do You Decide What a Person's State of Residence Is?

- It is usually the state of residence at the time he/she enters the military.
- A military person does not lose “home state” residency simply by being absent from the state while in the military.
- Each person has only one state of residence. A person may be a resident of a state even though he or she does not actually live in the state.

When is a Military Person an Iowa Resident?

A military person is an Iowa resident if:

- he or she was a resident of Iowa at the time of enlistment and/or
- Iowa is declared as his or her Military Home of Record

A person remains an Iowa resident until positive action is taken to establish residency in another state.

How Can a Military Person Establish Residency in Another State?

To establish residency in another state, a military person should first complete form DD2058, State of Legal Residence Certificate, which is available from the payroll officer of the Military Office of Personnel. In addition, a combination of the actions listed below is required to establish legal residence in another state:

- physical presence in the other state
- registering to vote in the other state
- changing driver's license
- registering vehicles in the other state
- applying for other privileges offered by the other state
- payment of real estate tax and/or income tax in the new state

What About Military Spouses?

A spouse of an Iowa-resident military person is not considered a resident of Iowa simply by marriage.

If, however, the spouse was an Iowa resident when they married, the spouse is an Iowa resident until other action is taken to establish residency in another state.

What is the Military Spouses Residency Relief Act?

This federal law allows a military spouse to keep their residency in their home state, even if the spouse moves into another state, as long as the spouse moves into the state to be with a service member who is in the state because of military orders.

This law effectively allows wages (but not other income, such as interest) to be sourced to a state other than the state in which the wages are earned.

For more information see [Military Spouses Residency Relief Act.](#)

What if the Military Person is also Receiving Pay from a Non-military Job?

Income from a second job outside the military is taxable to the state in which the military person is employed.

When Does a Military Person Need to File an Iowa Income Tax Return?

See [I'm in the Military; Do I Need to File?](#)

Iowa Residents

- **Prior to tax year 2011**, military pay to Iowa residents was taxable to Iowa to the same extent it was taxable on the federal level regardless of where the person was stationed when it was received.
- **Beginning with tax year 2011**, an Iowa income tax exemption applies to all pay received from the federal government for military service performed while on active duty status in the armed forces, the armed forces military reserve, or the national guard.
- Other income earned by an Iowa resident stationed in or out of Iowa is taxable to Iowa to the same extent it is taxable on the federal level. If any of that income is correctly taxed by another state, then Iowa allows an out-of-state tax credit on the IA 1040. This credit is calculated on the IA 130 form, which must be attached to the IA 1040 with a copy of the other state's return.

Nonresidents / Part-year Residents Stationed in Iowa

- The nonresident / part-year resident military person does not include military pay on line 1 of the IA 1040 and also does not report it as Iowa income on the IA 126.
- All other income is included on the Iowa income tax return (IA 1040) and tax is initially calculated on all-source income.
- The nonresident or part-year resident also completes the IA 126 Nonresident and Part-Year Resident Schedule. Only Iowa-source income is included on this form and will not include military pay when calculating the credit.

What Income is Not Subject to Iowa Tax?

- Combat pay
- Active duty pay received by a person in the National Guard or armed forces military reserve for service performed pursuant to military orders for Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, Operation Enduring Freedom, the Persian Gulf Conflict, and/or to peacekeeping in Bosnia-Herzegovina
- Military student loan repayments by persons in the armed forces, armed forces military reserve, or National Guard, if the individual is on active duty at the time of the loan repayment
- A withdrawal from a qualified retirement account of a National Guard member or member of the military reserve called to active state or federal duty
- Beginning with tax year 2011, an Iowa income tax exemption applies to all pay received from the federal government for military service performed while on active duty status in the armed forces, the armed forces military reserve, or the national guard

Is Iowa Income Tax Ever Forgiven?

Yes

Iowa income tax is forgiven if:

- the deceased was killed in a combat zone, or
- the taxpayer is missing in action and presumed dead, or
- the deceased was killed outside the United States due to terrorist or military action while he/she was a military or civilian employee of the United States and
- the person's federal income tax was forgiven

Can Military Persons Get an Extension of Time to File?

Yes

The following qualify for a 180 day extension:

- Individuals on active duty federal military service in the armed forces, armed forces military reserve, or National Guard who are deployed outside the United States
- A person in the military serving in support of those forces
- A spouse of a person listed above if they file jointly or separately on a combined return
- An eligible individual who was continuously hospitalized because of illness or injury in the combat zone

Questions?

- For more information see [Iowa Tax Responsibilities of Military Personnel](#)
- Call us: 8 a.m. - 4:15 p.m. CT
515-281-3114 or
1-800-367-3388 (Iowa, Omaha, Rock Island,
Moline)
- E-mail us at idr@iowa.gov