

Supplement to
**Nebraska
 Income Tax
 For Military
 Service Members**

Serving in designated combat zones or in terroristic or military action

Revised June, 2004

For more information, check our
 Web site: www.revenue.state.ne.us
 or the Internal Revenue Service
 Web site: www.irs.ustreas.gov



The purpose of this information guide is to explain the Nebraska individual income tax relief provisions for taxpayers serving in designated combat zones or in terroristic or military actions.

What primary geographic areas are among those involving designated military combat zones or qualified hazardous duty areas having special provisions which apply to members of the military who are serving in such areas?

GEOGRAPHIC AREA	MILITARY OPERATION(S)
Afghanistan and Uzbekistan, Kyrgyzstan, Pakistan, Tajikistan, Jordan, Incirlik Air Base, Turkey, Philippines, Yemen, Djibouti. (Executive Order 13239, effective September 19, 2001)	Enduring Freedom
Kosovo Area -the Federal Republic of Yugoslavia (Serbia/Kosovo/Montenegro), Albania, the Adriatic Sea, and the Ionian Sea (above the 39 th parallel). (Executive Order 13119 and Public Law 106-21, effective March 24, 1999)*	Joint Forge Allied Force Joint Guard
Bosnia -Herzegovina, Macedonia, and Croatia. (Qualified Hazardous Duty Area, effective November 21, 1995)	Joint Endeavor
Persian Gulf Area -the Persian Gulf, the Red Sea, the Gulf of Oman, the Arabian Sea (north of 10 degrees north latitude and west of 68 degrees east longitude), the Gulf of Aden, and the total land areas of Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, and the United Arab Emirates. (Executive Order 12744, effective January 17, 1991). Beginning in 2003, the following countries were included in Iraqi Freedom: Turkey, Israel, Jordan, Egypt, and the Mediterranean Sea east of 30° east longitude.	Southern Watch Northern Watch Desert Storm Desert Shield Iraqi Freedom (2003)
Vietnam and adjacent waters was terminated as a designated combat zone. (Executive Order 13002, effective June 30, 1996)	

* Members of the Armed Forces deployed overseas away from their permanent duty station in support of Operation Joint Guard (or Joint Forge), but outside the former Yugoslavia (including service in ships in the Adriatic or Mediterranean Seas), are treated as if they are in a combat zone solely for the purposes of the extension of deadlines. These personnel are not entitled to other combat zone tax benefits.

In most cases, Nebraska law is the same as federal law on income exclusions and filing extensions for military service members outside the United States. Additional federal information may be found in **I.R.S. Publication 3, Armed Forces' Tax Guide**. In addition, the Information Guide - Nebraska Income Tax for Military Service Members, provides information regarding Nebraska filing requirements, residence, and filing status.

Nebraska generally follows the provisions of federal law when filing Nebraska individual income tax returns. This includes Combat Pay exclusions related to operations such as those noted above or others authorized by the President in future actions. The wages shown on a military service member's Wage and Tax Statement, Form W-2, should not include combat pay.

Federal Filing Extensions will also be followed. No penalty or interest will be charged or assessed during this period. Spouses of these military service members and spouses of support personnel who file a joint return are also covered by this provision. To claim this extension, print the geographic area or military operation name in bold letters at the top of your return when it is filed. Use the same designation as required by the Internal Revenue Service.

Powers of Attorney. If you are acting on behalf of someone serving in a combat zone and you do not have a power of attorney specifying that you can handle Nebraska tax matters, the department will accept a general power of attorney or statement signed by the person for whom you are acting. The general power of attorney or statement must authorize you to act on the other person's behalf even though Nebraska tax matters are not specified. A copy must be attached to the tax return.

If it is not possible for the **spouse** of someone serving in a combat zone to obtain that person's signature on a joint return, power of attorney, or other signed authorization to act on his or her behalf, the department will accept a written statement with a return explaining that the husband or wife is serving in the combat zone. The statement must be signed by the spouse filing the tax return and attached to the return.

The department encourages taxpayers to file as soon as possible since interest on refund claims not processed within 90 days will be paid from the filing date or the extended filing date, whichever is later.

Back Taxes, Audit or Correspondence. In most cases, the department will defer payment of back taxes, without interest or penalty, and any audit activity for at least 180 days following your departure from a combat zone.

If you receive a tax notice or similar correspondence from the department, you should contact us or have your authorized representative contact us at one of the numbers listed below. You will be asked to provide the following information:

- Name and social security number;
- Branch of service;
- Unit name and number;
- Mailing and/or permanent address; and
- Copy of any correspondence received from the department.

Decedents. The department has adopted the Combat Zone Forgiveness and the Terroristic or Military Action Forgiveness provisions adopted by the Internal Revenue Service. If either of these tax-forgiveness provisions applies to a prior year's tax that has been paid, and the period for filing a refund has not expired, the tax will be refunded; if any tax is still due, it will be canceled.

If an individual died in a combat zone or in a terroristic or military action, use the following procedures in filing a claim for tax forgiveness:

- File Form 1040N if a Nebraska Individual Income Tax Return has not been filed for the tax year. Form W-2, Wage and Tax Statement, must accompany the return; or
- File Form 1040XN if a Nebraska Individual Income Tax Return has already been filed. A separate Form 1040XN must be filed for each year in question.

All returns must be identified by writing the name of the combat zone or terroristic or military action in bold letters on the top of page 1 of the return. On Forms 1040N and 1040XN, the name of the zone or action must be written on the line for Total Nebraska Tax.

An attachment should accompany any return or claim and should include a computation of the decedent's tax liability and the amount that is to be forgiven. For joint returns, follow the guidelines in Federal Publication 3.

A certification of death from the Department of Defense or the Department of State must accompany all returns for decedents.

Other Information

Reservists. Reservists not serving in a combat zone but called to active duty may be able to qualify for a deferment of payment on their back taxes, without interest, if their ability to pay has been severely impaired. Even in those instances where they do not meet this test, a reduced interest rate of 6% on taxes owed before they entered active service may be available upon request. For information on requesting such deferment, contact the department's Taxpayer Assistance at the telephone numbers listed below.

For tax year 2003 and after, reservists who stay overnight more than 100 miles away from home while on duty are allowed a federal deduction in computing federal adjusted gross income.

FOR NEBRASKA TAX ASSISTANCE

For All Tax Programs Except Motor Fuels

Contact your regional office or call ***1-800-742-7474**
or **1-402-471-5729**

Nebraska Department of Revenue Web site address: www.revenue.state.ne.us
A copy of the Taxpayer Bill of Rights is available by calling any of our regional offices or visiting our Web site.

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69363-1500
Telephone (308) 632-1200

NORTH PLATTE

Craft State Office Building
200 South Silber Street
North Platte, Nebraska 69101-4200
Telephone (308) 535-8250

GRAND ISLAND

First Federal Bank Building, Suite 460
1811 West Second Street
Grand Island, Nebraska 68803-5469
Telephone (308) 385-6067

NORFOLK

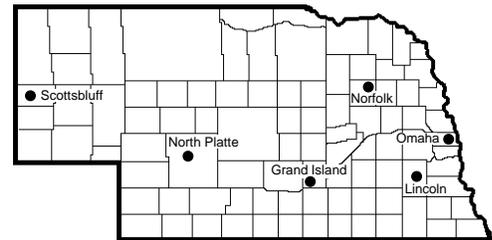
304 North 5th Street, Suite "D"
Norfolk, Nebraska 68701-4091
Telephone (402) 370-3333

OMAHA

Nebraska State Office Building
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102-1871
Telephone (402) 595-2065

LINCOLN

Nebraska State Office Building
301 Centennial Mall South
Lincoln, Nebraska 68509-4818
Telephone (402) 471-5729



For Motor Fuels tax programs only call toll free 1-800-554-3835 (Lincoln residents call 471-5730).

Hearing-impaired individuals may call the Text Telephone (TT) at 1-800-382-9309. TDD (Telecommunications Device for the Deaf) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

*Toll free in Nebraska and Iowa