

FOR IMMEDIATE RELEASE:
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NEW INFORMATION FOR SPOUSES OF MILITARY SERVICEMEMBERS

LINCOLN — Tax Commissioner Doug Ewald announced today the Nebraska Department of Revenue's implementation of the federal Military Spouses Residency Relief Act (MSRRA) - a recent Congressional change to the federal Servicemembers Civil Relief Act.

For spouses who are residents of the same state as the military servicemember, the income earned by the spouse while accompanying the servicemember to Nebraska is only taxable in the spouse's state of legal residence. This change is effective beginning with the 2009 tax year.

The income earned for services performed in Nebraska by the spouse, who is a legal resident of a state other than Nebraska, is exempt from Nebraska income tax if:

1. The servicemember is present in Nebraska solely in compliance with military orders;
2. The spouse is in Nebraska solely to be with the servicemember; and
3. The spouse is a legal resident in the same state as the servicemember.

All three conditions must be met to qualify for the exemption. Possible impacts of the MSRRA on Nebraska taxes include:

1. **Refunds for 2009.** A qualified spouse of a servicemember may be due a refund of Nebraska income tax withheld in 2009. To receive this refund of Nebraska taxes, a [2009 Nebraska Individual Income Tax Return, Form 1040N](#), must be filed, along with a [Schedule III - Computation of Nebraska Tax for Nonresidents and Partial-Year Residents Only](#). On line 66 of Schedule III, write "Exempt Nonresident Military Spouse," and enter zero as the amount of Nebraska taxable income.
2. **Stopping Nebraska Withholding.** The [Nebraska Employee Certificate for Allocation of Withholding Tax, Form 9N](#), has been revised to allow qualified military spouses to request their employer to stop withholding Nebraska income tax from their wages for 2010.
3. **Nebraska Resident Military Spouses.** If both the servicemember and spouse are Nebraska residents and are stationed in another state, the spouse will owe income tax to Nebraska on all income earned in the other state. The other state is not allowed to tax the spouse's income under the MSRRA, and a Nebraska credit will not be allowed for taxes paid to that state by the spouse. Since most out-of-state employers will not withhold for Nebraska, the spouse will need to consider making estimated tax payments to Nebraska in 2010.

For more complete and additional information, please see the [Nebraska Income Tax for Military Servicemembers \(their Spouses\) and Civilians Working with U.S. Forces in Combat Zones information guide](#) which has been revised to include these changes. A list of [Frequently Asked Questions](#) is also available on our Web site.

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APPROVED:



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