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Election to Exclude Military Retirement Pay from Income Tax

LINCOLN – Beginning July 18, 2014, certain military retirees may elect to exclude a portion of military retirement pay from Nebraska taxable income. The retiree must make the one-time election, using the [Election to Exclude Military Retirement Benefits, Form 1040N-MIL](#), within two years after his or her retirement from the uniformed services, and may elect:

Option 1: To exclude 40% of his or her military retirement benefit income for seven consecutive taxable years, beginning with the year in which the election is made;

or

Option 2: To exclude 15% of his or her military retirement benefit income for all taxable years, beginning with the year in which he or she turns 67 years of age.

Although the election may be made beginning July 18, 2014, the exclusion is not available until tax year 2015.

Additional information for military retirees is available at revenue.nebraska.gov by clicking on “[Election to Exclude Military Retirement Pay from Income Tax](#).”

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APPROVED:



Kim Conroy
Tax Commissioner