

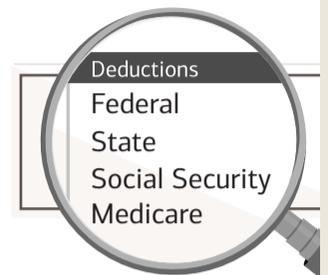
What former military members need to know about taxes



Tax rules for civilians may seem complex after time spent in the service. Here are five things you need to know to avoid surprises.

1 You'll owe different (and probably more) taxes

While on active duty, you probably received a number of tax advantages, like tax-free allowances. As a civilian, though, most of your income will likely be taxable. Beyond federal income tax, you may also owe state income tax—which varies by state from zero to 10+ percent—and maybe even a local tax. There's also Social Security tax and Medicare tax. If you are working as an employee, all of these are generally withheld from your paycheck.



2 Location is important

Not only do different states have different income tax rates, different municipalities do, too. When deciding where to put down roots post-service, you may want to look up the income tax rates, as well as property tax rates, in the areas you're considering. If you decide to buy a home, some states offer property tax reductions for veterans.

3 You may qualify for tax breaks and benefits



There are a number of tax breaks and benefits available at the federal level for veterans and their families. For example, benefits like the GI bill or disability compensation are tax-free. Your local Veterans Affairs office can help you maximize your benefits, including any state-specific advantages. There are also a number of deductions that are not veteran-specific that you may qualify for—things like certain expenses related to moving for a job or contributions to charity.

4 Your new career may offer perks

You may choose a post-active duty career that offers tax breaks. For example, if you join the National Guard, you may be able to deduct uniform expenses and mileage related to your service. Other professions may offer similar tax breaks: Police officers can often deduct expenses for uniform cleaning or union dues, for instance. Once you decide on a career, you might consider researching common tax deductions used in your field.



5 You must file by April 15

While military personnel stationed in combat zones are granted automatic filing extensions, if civilians can't file by April 15, they need to request an extension. Extensions are generally granted until October 15, but if you owe the government money, you still have to pay by April 15 or face interest charges and penalties. You may have received help preparing your returns on active duty. If you're doing it on your own for the first time, keep in mind that tax paperwork can take a few weeks, so plan accordingly. If you need help, many taxpayers qualify for free federal and state tax prep software via [MyFreeTaxes.com](https://www.irs.gov/efile).

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