

Vermont Tax Guide for Military and National Services

Division of Taxpayer Services Vermont Department of Taxes

Contact Us

Phone: (802) 828-2865

Email: tax.individualincome@vermont.gov

Website: tax.vermont.gov

Mailing Address:

Vermont Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Disclaimer: The information provided here is intended to be an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information presented here.

Rev. 07/2021 • Pub. GB-1099



Vermont Tax Guide for Military and National Services

As a taxpayer, you should know how Vermont's income tax laws apply to you. Generally, all income is taxable, but if you are eligible, there are a number of exemptions, extensions, waivers, and abatements available to Vermont taxpayers who have a military affiliation. In this guide, the Vermont Department of Taxes provides you with a step-by-step process to help you determine how to file your Vermont personal income taxes.

Note for National Guard and Reserves: If you are in the National Guard or Reserves, you may be eligible for some of these exemptions, extensions, waivers, and abatements.

Note for disabled veterans: Disabled veterans and their surviving spouses may be eligible for a reduction in the amount of property taxes due on their Vermont homes. Please contact the Vermont office of Veterans affairs for more information.

Step 1: Determine if you are a resident or nonresident of Vermont

Most military-affiliated persons will determine residency status using the general Vermont rules that follow.

A. General Rule for Resident of Vermont

Generally, a person is a resident of Vermont if one of the following applies:

1. If the person is domiciled in Vermont

or

2. If the person maintains a permanent place of abode within Vermont and is present in Vermont more than the combined total of 183 days of the calendar year

Definition of domicile:

See Reg. § 1.5811(11)(A)(i) Domicile at tax.vermont.gov.

Definition of permanent place of abode:

See 32 V.S.A. § 5811(11)(A) at legislature.vermont.gov.

B. Different Rules for "Servicemembers"

You are a "servicemember" if you are one of the following:

- U.S. armed forces: Army, Navy, Air Force, Marine Corps, Coast Guard
- Commissioned corps of the National Oceanic and Atmospheric Administration
- Commissioned corps of the Public Health Service.

Servicemembers who live in Vermont because of military orders

Servicemembers who only live in Vermont because they are following military orders are **nonresidents** for the purposes of taxation. Servicemembers stationed in Vermont will only be residents if they take additional actions that clearly demonstrate a desire to live in Vermont indefinitely.

Servicemembers who are Vermont residents but are on military orders to live outside Vermont

Servicemembers who were Vermont residents before they were ordered to live in other states continue to be Vermont residents for purposes of taxation. Servicemembers who are Vermont residents continue to be so until they establish that the move out of the state is intended to be permanent.

C. Residency for Servicemember Spouses

These basic rules also apply to spouses of servicemembers. If a spouse can answer “Yes” to all three of the questions that follow, the spouse is a nonresident of Vermont for taxation purposes.

1. Is your spouse a servicemember?
2. Were you (spouse of the servicemember) a nonresident of Vermont prior to military orders?
3. Were you (spouse of the servicemember) only located in Vermont because your spouse (servicemember) is complying with military orders?

Nonresidents of Vermont

If the servicemember and spouse qualify as nonresidents of Vermont (see also page 1), then only some income may be subject to Vermont taxes. See the sections on specific exemptions beginning on page 4. If all of the income is exempt from Vermont tax, there is no need to file an income tax return in Vermont.

If, however, the servicemember receives other income from Vermont sources, or tax was withheld from the spouse’s Vermont income, then Form IN-111, Vermont Income Tax Return, together with Schedule IN-113, Vermont Income Adjustment Calculations, Part I, should be completed and filed. Enter only taxable income in column B, “Vermont Portion \$.” In Fig. 1, the example shows the filer earned \$55,000 in wages, salaries, and tips, and the Vermont portion is \$5,000. If you file on a paper form, write “**Military Spouses Residence Relief Act**” on top of Form IN-111.

Figure 1. IN-113, Part I, Line 1 (columns A and B)

Vermont Department of Taxes		2020 Schedule IN-113		Vermont Income Adjustment Calculations	
Nonresidents and Part-Year Residents Must Complete Parts I and II Full-Year Residents with Adjustments Complete only Part II				Please PRINT in BLUE or BLACK INK INCLUDE WITH FORM IN-111	
Taxpayer's Last Name SMITH	First Name JOHN	MI T	Taxpayer's Social Security Number 999 99 9999		
PART I. Enter figures as they appear on your federal return or recomputed federal return in Column A and list the Vermont portion in Column B. See instructions.					
Dates of Vermont residency in 2020		Name of State(s), Canadian province, or country during non-Vermont residency (use standard 2-character abbreviation)			
From (MMDDYYYY): 01 / 01 / 2020	To (MMDDYYYY): 12 / 31 / 2020	MA			
		A. Federal Amount \$		B. Vermont Portion \$	
1. Wages, salaries, tips, etc. 1A.		55000.00		1B. 5000.00	

Residents of Vermont

If the answer is “No” to one or more questions above, then the spouse of the servicemember is a resident of Vermont and must file as a resident of the state. If this is the case, please follow filing rules stated in the Vermont Department of Taxes Technical Bulletin TB-55 found at tax.vermont.gov/bulletins.

For more information, see the following:

Servicemembers Civil Relief Act, 50 U.S.C. § 571

http://www.justice.gov/crt/spec_topics/military/scratext.pdf

Military Spouses Residency Relief Act, Public Law 111-97

<https://www.gpo.gov/fdsys/pkg/PLAW-111publ97/pdf/PLAW-111publ97.pdf>

Step 2: Are you “full-time active duty”?

“Full-time active duty” means full-time active duty in the active military service of the United States. This term does *not* include annual training, inactive duty training, or any other period of training duty of less than 15 consecutive days in the taxable year. Vermont Reg. § 1.5823(2)-1(a).

Under the law, full-time active duty status is not the same as being a servicemember. Commissioned corps of the National Oceanic and Atmospheric Administration and commissioned corps of the Public Health Service do not qualify as military service.

Note for members of the National Guard: Military service includes the Vermont Army National Guard and Vermont Air National Guard when activated.

Note for members of the Reserves: Reservists are not full-time active duty unless activated.

Note for members of the Commissioned Corps of the National Oceanic and Atmospheric Administration and the commissioned corps of the Public Health Service: Despite being considered a servicemember under federal law, you do not qualify as full-time active duty in the active military service of the United States. This means that you are not eligible for Vermont’s military pay exemption.

Step 3: What income is taxable?

Generally, all income is taxable unless a specific exemption applies. The income of a nonresident spouse of a servicemember, however, is not considered Vermont income under 50 U.S.C. App. 571(c). For exemptions, extensions, waivers, abatements available for military-affiliated persons, see Step 4 and the Quick Reference Chart.

Step 4: Do you qualify for military exemptions, extensions, waivers, and abatements?

Servicemembers must pay income taxes and property taxes just like other Vermont taxpayers. The assumption is that all income is taxable. Servicemembers must file tax returns and other documents on the same due dates as all taxpayers and are subject to the same penalties and interest for late returns or if returns are not filed.

There are exemptions, extensions, waivers, and abatements for qualifying servicemembers. Each has its own individual requirements, depending on residency and full-time active duty status. Please see the Quick Reference Chart on page 4. Find the one(s) that applies to your status and read the details of each to see if you meet all eligibility requirements.

Quick Reference Chart: Exemptions, Extensions, Waivers, and Abatements

To use this quick reference chart, you must first determine the following:

- 1) if you are a **RESIDENT OF VERMONT** or **NONRESIDENT OF VERMONT**
and
- 2) if you are **Full-Time Active Duty** or **NOT Full-Time Active Duty**

Once you know your status, you may follow the chart to determine what exemptions, extensions, waivers, and abatements may apply to your Vermont personal income taxes. For further guidance on eligibility, see the information provided in this guide and fact sheets. Fact sheets on residency in Vermont, Homestead Declaration, Renter Rebate, and Property Tax Credit may be found on the Department's website at tax.vermont.gov.

NO.	EXEMPTIONS, EXTENSIONS, WAIVERS, ABATEMENTS	FOR MORE INFO, SEE . . .	RESIDENT OF VERMONT		NONRESIDENT OF VERMONT	
			Resident Full-Time Active Duty	Resident NOT Full-Time Active Duty	Nonresident Full-Time Active Duty	Nonresident NOT Full-Time Active Duty
1	Property Tax Credit	Fact Sheet	✓	✓		
2	Renter Rebate	Fact Sheet	✓	✓		
3	Property Tax Exemption for Disabled Veterans	Fact Sheet		✓		
4	Out-of-State Military Pay Exemption	Page 5	✓			
5	In-State Military Pay Exemption	Page 6			✓	
6	In-State Unit Training Exemption	Page 6		✓		✓
7	Education Loan Repayment Exemption	Page 7	✓	✓	✓	✓
8	Combat Zone Duty Income Tax Extension	Page 7	✓		✓	
9	Combat Zone Duty Property Tax Penalty and Interest Exemption	Page 7	✓	✓		
10	Homestead Declaration Abatement	Page 8	✓			
11	Combat Zone Property Tax Adjustment & Renter Rebate Extension	Page 8	✓			

Exemptions, Extensions, Waivers, and Abatements: Do You Qualify?

1. Property Tax Credit—See the fact sheets “The Vermont Property Tax Credit” (Pub. FS-1038) and “Vermont Schedule HI-144: How to Determine Household Income” (Pub. FS-1057) at tax.vermont.gov/fact-sheets.

2. Renter Rebate—See the fact sheets “The Vermont Renter Rebate Claim” (Pub. FS-1037) and “Vermont Schedule HI-144: How to Determine Household Income” at tax.vermont.gov/fact-sheets.

3. Property Tax Exemption for Disabled Veterans—See the fact sheet “Veterans and Property Taxes: What You Should Know” (Pub. FS-1003) at tax.vermont.gov/fact-sheets.

Note on household income: Military allowances (housing, etc.) for dependents of servicemembers must be included in household income on Schedule HI-144 to determine eligibility for the Vermont Renter Rebate and Property Tax Credit. To learn how to calculate housing allowance for household income, see the Appendix at the end of this guide.

Information on the Property Tax Credit and Renter Rebate is available at tax.vermont.gov.

Income Tax Exemptions

4. Out-of-State Military Pay for Residents Exemption

If you are full-time active duty and qualify, you may take the military pay exemption for residents of Vermont.

- Is military pay for full-time active duty?
- Are you full-time active duty with the U.S. Armed Services?
- Is military pay earned outside of Vermont?

If you answer “Yes” to all of these questions, you are eligible to exclude all military pay meeting these criteria from your Vermont Income. Include this amount on Vermont Form IN-113, Part II, line 32. See Fig. 2. If, however, your adjusted gross income is -0- or less as shown on Line 1 on Form IN-111, then the exemption does not apply.

For more information, see 32 V.S.A. § 5823 (A)(2).

Figure 2. IN-113, Part II, Line 32, Military pay

PART II. Adjustment for Vermont Exempt Income and Military Exempt Income	
30. Adjusted Gross Income. If Part I completed, enter Line 27 amount. Otherwise, enter amount from Form IN-111, Line 1	<input type="checkbox"/> Check to indicate loss 30. 75000.00
31. Non-Vermont Income (Line 29 above)	<input type="checkbox"/> Check to indicate loss 31. .00
32. Military pay. Number of months on active duty 8 (See instructions)	32. 70000.00

5. In-State Military Pay Exemption

Nonresidents of Vermont may also be able to take a military pay exemption if they qualify.

- Is military pay for full-time active duty?
- Are you full-time active duty with the U.S. Armed Services?
- Is military pay earned in Vermont?

If you answer “Yes” to all of these questions, you are eligible to exclude all military pay meeting these criteria from your Vermont income. Do not include this amount on Form IN-113, Part I, Line 1(B). See Fig. 3.

For more information, see 32 V.S.A. § 5823(b)(3).

Fig. 3. IN-113, Part I, Line 1 (column B)

Vermont Department of Taxes			
2020 Schedule IN-113			
Vermont Income Adjustment Calculations			
Nonresidents and Part-Year Residents Must Complete Parts I and II Full-Year Residents with Adjustments Complete only Part II			
Please PRINT in BLUE or BLACK INK INCLUDE WITH FORM IN-111			
Taxpayer's Last Name	First Name	MI	Taxpayer's Social Security Number
SMITH	JOHN	T	999 99 9999
PART I. Enter figures as they appear on your federal return or recomputed federal return in Column A and list the Vermont portion in Column B. See instructions.			
Dates of Vermont residency in 2020		Name of State(s), Canadian province, or country during non-Vermont residency (use standard 2-character abbreviation)	
From (MMDDYYYY):	To (MMDDYYYY):	TX	
01 / 01 / 2020	12 / 31 / 2020		
A. Federal Amount \$		B. Vermont Portion \$	
1. Wages, salaries, tips, etc. 1A. 55000.00		1B. 1500.00	

6. In-State Unit Training Exemption

A \$2,000 Unit Training Exemption is available for both residents and nonresidents of Vermont.

- Is your federal AGI (federal Form 1040, U.S. Individual Income Tax Return, Line 8b) less than \$50,000?
- Is the \$2,000 of military pay for unit training?
- Did the unit training take place in Vermont?
- Was the unit training for the National Guard or U.S. Reserve personnel?
- Has the Adjutant and Inspector or Reserve Component Commander certified that you completed all unit training of your unit during the calendar year?

If you answer “Yes” to all of these questions, you are eligible to exclude up to \$2,000 of military pay for unit training from your Vermont income. Get the exemption by including this amount on IN-113, Part II, Line 32, Military Pay. If, however, your adjusted gross income is -0- or less as shown on Form IN-111, Line 1, then the exemption does not apply. See Fig. 4.

For more information, see 32 V.S.A. § 5823(A)(2)&(B)(3).

Fig. 4. IN-113, Line 32, Military pay

PART II. Adjustment for Vermont Exempt Income and Military Exempt Income	
30. Adjusted Gross Income. If Part I completed, enter Line 27 amount. Otherwise, enter amount from Form IN-111, Line 1	30. .00
31. Non-Vermont Income (Line 29 above)	31. .00
32. Military pay. Number of months on active duty (See instructions)	32. 2000.00

7. Education Loan Repayment Programs Exemption

An exemption for certain educational loan repayment programs is available for both residents and nonresidents of Vermont.

- Are funds received through federal Armed Forces Educational Loan Repayment Program under 10 U.S.C. chapters 109 and 1609?
- Is funding received with respect to services performed in Vermont?

If you answer “Yes” to both of these questions, you are eligible to exclude all funds received meeting these criteria. Include this amount on Vermont Form IN-113, Line 32. If, however, your adjusted gross income is -0- or less as shown on Form IN-111, Vermont Income Tax Return, Line 1, then you cannot take this exemption. See Fig. 4.

For more information, see 32 V.S.A. § 5823 (A)(3) & (B)(3).

Extensions, Waivers, and Abatements Available to Certain Servicemembers

8. Combat Zone Duty Income Tax Extension

Vermont offers a combat zone duty extension for income taxes.

- Were you called up for full-time active military duty?
- Was the call-up because of the existence of a military conflict in an area designated as a combat zone? (Duty does not need to be actually performed within the combat zone.)

List of Combat Zones

For a list of combat zones, visit the IRS website at www.irs.gov/newsroom/Combat-Zones.

OR

- Did you serve in an area treated by federal law in the same manner as if it were a combat zone?

If you answer “Yes” to these questions, your income tax return can be filed up to 180 days after your period of service in such an area ends. If you are hospitalized, this also includes the period of continuous qualified hospitalization attributable to an injury received while servicing in such an area.

For more information, see 32 V.S.A. § 5830d and 26 U.S.C. § 7508. To claim this extension, call the Taxpayer Services Division at (802) 828-2865.

Exclusion of Pay at Federal Level

In some cases, compensation received for active service in a combat zone is excluded from gross income on the federal level. This means that this pay is automatically excluded from Vermont taxation. For more information, please see 26 U.S.C. § 112.

Federal Deferral

A federal deferral may also be available where the servicemember’s ability to pay income tax is materially affected by military service. For more information, see 50 U.S.C. § 4000.

9. Combat Zone Duty Penalty and Interest Exemption for Property Taxes

Vermont offers a combat zone duty penalty and interest exemption for property taxes.

- Were you called up for full-time active military duty?
- Was the call-up because of the existence of a military conflict in an area designated as a combat zone? (Duty does not need to be actually performed within the combat zone.)

OR

- Did you serve in an area treated by federal law in the same manner as if it were a combat zone?

- Did you provide a copy of your military orders or other appropriate documentation to your municipal clerk?

If you answer “YES” to these questions, the legislative body of your municipality or the voters at your town meeting may exempt you from the payment of any penalty, fee, or interest if you fail to make timely payment of property taxes on your principal residence. This exemption is in effect for the time of your active duty and 180 days after your active duty ends.

Contact the town clerk in the town where your property is located for their instructions to claim this exemption.

For more information, see 32 V.S.A. § 4609.

10. Homestead Declaration Abatement

If your Homestead Declaration was late or incorrect due to your military duty, you may qualify for an abatement.

- Did you fail to file a correct homestead declaration or did you file an incorrect homestead declaration?
- Was your filing/non-filing due to your full-time active military duty outside Vermont?
- Were you assessed a tax, penalty, or interest as a result of that filing/non-filing?

If you answer “YES” to all of these questions, you may make an abatement request to your municipal treasurer or other person designated to collect current property taxes. The legislative body of your municipality then has the authority to abate all or any portion of the tax, penalty, or interest assessed.

Contact the town clerk in the town where your property is located for their instructions to claim this exemption.

For more information, see 32 V.S.A. § 5410(l).

11. Combat Zone Property Tax Credit and Renter Rebate Extension

Qualified military-affiliated persons may take the Combat Zone Property Tax Credit and Renter Rebate Extension.

- Were you called up for full-time active military duty?
- Was the call up because of the existence of a military conflict in an area designated as a combat zone? (Duty does not need to be actually performed within the combat zone.)

If you answer “YES” to both of these questions, then you are allowed to file your application for a property tax credit or renter rebate up to 180 days after your service in such area ended. If you are hospitalized, you are allowed to file 180 days after hospitalization due to physical or mental injury or disability resulting from such service ends.

To file for this extension, you must file a correct Homestead Declaration claim using Form HS-122 and include documentation of your service. Send this form and documentation to the Vermont Department of Taxes at the following address:

Taxpayer Services Division
Vermont Department of Taxes
P.O. Box 1645
Montpelier, VT 05601-1645

For more information, see Public Acts, Adj. Sess. 2006, No. 185, Sec. 20.

Examples of How Exemptions, Extensions, Waivers, and Abatements May Apply to You

The examples that follow are commonly experienced by military-affiliated persons. The numbers in these examples refer to the numbers in the “Quick Reference Guide” on page 4. See the full description of each numbered exemption, extension, waiver, or abatement for details on qualifying and reporting.

A. Resident of Vermont—Full-Time Active Duty in the Armed Services, stationed in Vermont

All income of you and your spouse is taxable in Vermont. The following adjustments, rebates, and exemptions may be available to you:

- 1** – Property Tax Credit (if you own your home in Vermont and otherwise qualify)
- 2** – Renter Rebate (if you rent in Vermont and otherwise qualify)
- 7** – Education Loan Repayment Exemption (if you qualify)

B. Resident of Vermont—Full Time Active Duty in the Armed Services, stationed outside of Vermont

The income of you and your spouse is taxable in Vermont, with the following exemption:

- 4** – All military pay of the servicemember

Also, the following extensions, waivers, and abatements may be available to you:

- 1** – Property Tax Credit (if you own your home in Vermont)
- 8** – Combat Zone Duty Income Tax Extension (if you are serving in a combat zone and otherwise qualify)
- 9** – Combat Zone Duty Penalty and Interest Exemption for Property Taxes (if you are serving in a combat zone and otherwise qualify)
- 10** – Homestead Declaration Abatement (if you own property in Vermont and otherwise qualify)
- 11** – Combat Zone Property Tax Adjustment and Renter Rebate Extension (if you were called up for full-time active duty and you otherwise qualify)

C. Resident of Vermont—Full Time Active Duty in the Armed Services, stationed in Vermont for part of the year and outside of Vermont for part of the year

Apply the rules in parts A and B above on a pro-rata basis. For example, if you are a resident of Vermont and are stationed in Vermont for five months and stationed outside of Vermont for the remaining seven months of the calendar year, you would include the military pay of the servicemember for the five months you were stationed in Vermont, and exclude the military pay for the seven months you were stationed outside of Vermont.

D. Nonresident of Vermont—Full Time Active Duty in the Armed Services, stationed in Vermont

Your military income is not taxable in Vermont. Other income earned by you is taxable Vermont income if it is earned in any other occupation carried on in Vermont.

- 5** – In-State Military Pay Exemption

If you work in Vermont outside of your military duties, or own a Vermont business from which you receive income, your income from these sources is taxable in Vermont. Report this income on forms IN-111 and IN-113, excluding just the military pay and your spouse’s income on Form IN-113, Part I, Line 1(B). See Fig. 1.

E. Resident of Vermont for part of the year—Full Time Active Duty in the Armed Services

Apply the rules in parts A, B, C, and D above on a pro-rata basis. For example, suppose you are a resident of Florida, on active duty in the armed services, and that you move to Vermont under military orders. After arriving in Vermont, you decide that Vermont is a lovely place to live for you and your family, and so you

change your domicile to Vermont on Aug. 1. (See Domicile Reg. § 1.5811(11)(A)(i) Domicile at tax.vermont.gov/sites/tax/files/documents/15811.pdf for specific things you might do to show evidence of a change in domicile.) Your military pay from Jan. 1 through July 31 would be taxed under the rules for nonresidents of Vermont. Your military pay from Aug. 1 through Dec. 31 would be taxed under the rules for residents of Vermont.

F. Resident of Vermont—Not on Full-Time Active Duty

This generally means you are in the Reserve or National Guard, in a drilling/training status (not on active duty for a period of 15 consecutive days or more). All income of you and your spouse is taxable in Vermont, with the following adjustments, rebates, and exemptions that might be available to you:

- 1** – Property Tax Credit (if you own your home in Vermont and otherwise qualify)
- 2** – Renter Rebate (if you rent in Vermont and otherwise qualify)
- 6** – In-State Unit Training Exemption (if you qualify and if the training meets the specifications)
- 7** – Education Loan Repayment Exemption (if you qualify)

If you were in the Reserve or National Guard, in a drilling/training status, for less than the entire 12 months of the tax year, you may still use the In-State Unit Training Exemption on a pro-rata basis for the period of time you were in a drilling/training status, as long as all other requirements are met. For example, if you joined the National Guard in March, and then trained with your unit from April through December (nine months), you may claim the In-State Unit Training Exemption for up to 9/12 of \$2,000, or \$1,500 of your pay earned while in the training status. Here's another example: Suppose your unit was in a training status from Jan. 1 through Oct. 31 (10 months), when the unit was activated and sent overseas for active duty for the remainder of the year. Then, you may claim the In-state Unit Training Exemption for up to 10/12 of \$2,000, or \$1,667, of your pay earned while in the training status.

G. Nonresident of Vermont—Not on Full-Time Active Duty, training in Vermont

This generally means you are in the Reserve or National Guard, in a drilling/training status (not on active duty for a period of more than 15 consecutive days), and not a resident of Vermont, but doing some or all of your drills/training in Vermont. All of your service income earned in Vermont is taxable in Vermont, with the following adjustments, rebates, and exemptions that might be available to you:

- 6** – In-State Unit Training Exemption (if you qualify and if the training meets the specifications)
- 7** – Education Loan Repayment Exemption (if you qualify)

H. Not on Full-Time Active Duty—Resident in Vermont for part of a year, or not on full-time active duty for part of a year

The scenarios in parts A through G above should be applied on a pro-rata basis if you change your residency from Vermont to another state, or from another state to Vermont, during the tax year. Similarly, the scenarios should be applied on a pro-rata basis if you change from full-time active duty to “not on full-time active duty” or vice-versa.

I. Not on Full-Time Active Duty—Not a Resident of Vermont for any part of the Year – No drills or training in Vermont

If you are not on full-time active duty, and are not a resident of Vermont for any part of the year, and have done no drills or training in Vermont, then you should not file a personal income tax return in Vermont. If Vermont withholding was applied for any reason, you should file Form IN-111, Vermont Income Tax Return, together with Schedule IN-113, Vermont Income Adjustment Calculations. Include only Vermont wages, salaries, and tips on IN-113, Part I, Line 1(B). See Fig. 1.

APPENDIX

How to Calculate Basic Allowance for Housing for Form HI-144, Household Income

Servicemembers must include the Basic Allowance for Housing (BAH) they receive for their dependents on Form HI-144, Household Income. Here is how to calculate it:

1. Go to the Department of Defense website at <https://www.defensetravel.dod.mil/site/bahCalc.cfm>.
2. Enter the following information into the BAH Calculator:
 - a. Tax year
 - b. From the December Leave and Earnings Statement (LES), find:
 - Duty “Variable Housing Allowance (VHA) Zip Code” from the “Pay Data Line”
 - Pay Grade (top line of the LES)

See the sample Leave and Earnings Statement on page 12.

3. Click “Calculate.”

The screenshot shows the 'BAH Calculator' web form. At the top, it says 'Updated: 12/15/2020'. Below this is a blue header bar with three sections: 'YEAR:', 'DUTY ZIP CODE:', and 'PAY GRADE:'. Under 'YEAR:', there is a dropdown menu showing '2021'. Under 'DUTY ZIP CODE:', there is a text input field containing '05402'. Under 'PAY GRADE:', there is a dropdown menu showing 'E-1'. Below these fields is a grey button labeled 'CALCULATE'.

4. You will see the BAH Monthly Allowance—with dependents and without dependents. Subtract the “without dependents” amount from the “with dependents” amount. Multiply this amount by the number of months in the taxable year that you have received BAH. Prorate the amount for any partial months. This amount represents the dependent BAH portion.

The screenshot shows the 'BASIC ALLOWANCE FOR HOUSING' Rate Query Results. It includes the following information: 'CY: 2 1', 'ZIP CODE: 0 5 4 0 2', and 'MILITARY HOUSING AREA: BURLINGTON VT (VT305)'. Below this is a table with the heading 'MONTHLY ALLOWANCE:'. The table has two columns: 'E 6 with DEPENDENTS:' and 'E 6 without DEPENDENTS:'. The values are '\$ 2538.00' and '\$ 1905.00' respectively. At the bottom, there is a note: 'See BAH Frequently Asked Questions for more information. For other BAH concerns, contact your service's BAH POC.'

MONTHLY ALLOWANCE:	
E 6 with DEPENDENTS:	E 6 without DEPENDENTS:
\$ 2538.00	\$ 1905.00

5. On the HI-144, enter this amount on Line n, Other Income, under Column “1. Claimant and jointly filed Spouse.” On the line “Please Specify,” enter “Dependent BAH.”

Important Note: If your situation changes during the year

If your situation changes during the year, you must do the calculation for each new situation and prorate each calculation for the appropriate number of months. This might include changes in your pay grade or duty station. For example, for the first three months of the tax year, your pay grade was E5, but in April, you began to receive your new, higher E6 rank along with higher pay grade and BAH. You must make the calculation for E5 and multiply it by three months and a second calculation for E6 and multiply it by nine months. Add the two calculations to get your total BAH for the tax year.

If you gained a dependent during the year (got married, new child, etc.) when you previously had no dependents, then calculate the dependent BAH portion from that date forward using the updated Leave and Earnings Statement (LES). Follow the steps described on page 11. In this situation, the updated LES should show "W/DEP" under **BAQ Type** and/or "SPOUSE" under **BAQ Depn** in the **PAY DATA** line. If you no longer have any dependent(s), then you no longer have to calculate any BAH from that date forward and the updated LES should reflect that information with no dependents. Just calculate the BAH portion only for the time during the year you had dependents.

Sample Leave and Earnings Statement (LES)

Pay Grade **A** BAQ Type **B** BAQ Dep **C** VHA Zip **D**

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																			
ID	NAME (LAST, FIRST MI)		SOC. SEC. NO.		GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DESN	PERIOD COVERED								
	Doe, John		1234 5678		E5				ARMY		1-31 DEC 14								
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY							
Type	Amount			Type	Amount			Type	Amount			+/- Amt Fwd							
A	BASE PAY											+/- Tot Fwd							
B	BAS											+/- Tot Ent							
C	BAH											+/- Tot Ded							
D	REFUND MEDICARE											+/- Tot All							
E	REF SOC SECURITY											+/- Net Amt							
F												+/- Cr Fwd							
G												+/- EDW Pay							
H																			
I																			
J																			
K																			
L																			
M																			
N																			
O																			
TOTAL				9565.52				5409.88				762.69							
LEAVE		BF Bal	End	Used	Cr Bal	ETS Bal	Lv Lost	Lv Paid	Use/Lose	FEF	Wage Period	Wage YTD	MIS	Ex	Add'l Tax	Tax YTD			
		62.8	7.6	4	55.2	101.5	0	35.8	4.0	1186.10	6479.35	77644.30	M	06	.00	5471.60			
FICA TAXES		Wage Period	Soc Wage YTD	Soc Tax YTD	Med Wage YTD	Med Tax YTD	STATE TAXES	St	Wage Period	Wage YTD	MIS	Ex	Tax YTD						
		6479.35	61730.80	1667.31	61730.80	1186.10	6479.35	77644.30	M	06	.00	.00	2154.88						
PAY DATA		BAQ Type	BAQ Dep	VHA Zip	Ret Amt	Share	Stat	JFTR	Depns	2D JFTR	BAS Type	Charity YTD	TPC	PACON					
		W/DEP	SPOUSE	55446	100.00	1	H		0			.00		FINGUARD					
TRADITIONAL PLAN (TSP)		Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Current	Inc Pay Current	Bonus Pay Rate	Bonus Pay Current										
		0	.00	0	.00	0	.00	0	.00										
ROTH PLAN		Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Current	Inc Pay Current	Bonus Pay Rate	Bonus Pay Current										
		0	.00	0	.00	0	.00	0	.00										
CONTRIBUTIONS TOTALS		YTD Deductions				YTD TSP Deferred				YTD TSP Exempt				YTD ROTH					
		4886.62				4886.62				.00				.00					
REMARKS:																			
<p>YTD ENTITLE 115280.62 YTD DEDUCT 22739.67</p> <p>IF TSP ELECTION AMT EXCEEDS NET AMT DUE, TSP WILL NOT BE DEDUCTED.</p> <p>-EFFECTIVE 31 DEC 14, A HARD COPY LES WILL NO LONGER BE MAILED TO YOU. AN ELECTRONIC COPY OF YOUR LES IS AVAILABLE IN MYPAY. YOU ARE STRONGLY ENCOURAGED TO SET UP A VIEW ONLY CAPABILITY IN MYPAY FOR YOUR FAMILY MEMBERS.</p> <p>-TRICARE DENTAL PROGRAM RATES INCREASE IN JAN 2015. RATES WILL BE \$11.30 SINGLE/\$33.00 FAMILY. FOR INFO GO TO WWW.METLIFE.COM/TRICARE.</p> <p>-EFF 1 JAN 15 NEW ALLOTMENTS TO PURCHASE RENT OR LEASE PERSONAL PROPERTY ARE PROHIBITED. EXISTING ALLOTMENTS ARE</p> <p>YOU WILL LOSE ALL ACCRUED LEAVE EXCEEDING 90 DAYS, UNLESS SPECIAL LV ACCRUAL APPLIES.</p> <p>-2015 TSP LIMITS: ELECTIVE DEFERRAL \$48,000; CATCH UP \$6,000; ANNUAL ADDITIONAL LIMIT IF IN CTE IS \$55,000. VISIT WWW.TSP.GOV.</p> <p>-ROTH TSP CHANGES COMING. SEE WWW.DFAS.MIL/TSP_AO_HTML (UPPER CASE).</p> <p>MEMBER'S SOLI COVERAGE AMOUNT IS \$450,000.</p> <p>FAMILY/POUSE SOLI COVERAGE AMOUNT IS \$100,000.</p> <p>USED LEAVE BALANCE ADJUSTED.</p> <p>CURRENT MONTH LEAVE BALANCE ADJUSTED.</p> <p>CHANGE LEAVE 141125-141126(345)</p> <p>CORRECT FICA WAGES/DEDTH YTD (362)</p> <p>CORRECT MEDICARE WAGES/DEDTH YTD (363)</p>																			