

## Tax Information for Veterans

### Get your tax returns prepared—for free!

Veterans with annual incomes of \$54,000 or below can get their current year tax returns prepared for free by IRS certified volunteers through the Volunteer Income Tax Assistance (VITA) program, during the filing season (roughly January 30th - April 15th).

Find a VITA site near you by calling:  
1-800-906-9887 or visiting:  
<http://irs.treasury.gov/freetaxprep/>

### Get a refund!

Even if you do not have an income tax filing requirement because you have low annual income, you may benefit from filing a tax return anyway in the following ways:

- You may qualify for the Earned Income Tax Credit, a refundable credit geared towards low income individuals. You can receive up to \$506 with no qualifying children, and up to \$6,269 with three or more qualifying children.
- If you had money withheld from your income during the year for payment of taxes, you may receive that money back via a refund by filing a return.
- You may be eligible for other refundable credits such as the Child Tax Credit or the Lifetime Learning Credit that you can only receive by filing a return.

### Avoid IRS garnishments!

If you owe tax debt to the IRS for previous years, but can't afford to pay the bill, you have options.

You may qualify for any of the following:

- A low payment plan with a reduced user fee
- A hardship status known as currently-not-collectible status
- An offer in compromise: an offer to pay the IRS less than what you owe in satisfaction of the total outstanding debt. If accepted, once you pay your offer amount, you will be relieved of any remaining tax debt.

### Ensure your veteran's benefits are not taxed!

Do not include in your taxable income any veterans' benefits paid under any law, regulation, or administrative practice administered by the Department of Veterans Affairs (VA).

If, in a previous year, you received a bonus payment by a state or political subdivision because of service in a combat zone that you included in your income, you can file a claim for refund of the taxes on that income by using Form 1040X.

- In most cases, you must file your claim within 3 years from the date you filed your original return or 2 years after the date you paid the tax, whichever is later.

## **Be Alert to Possible Identity Theft!**

- If you receive a notice from the IRS that it has received more than one tax return from you for a single year.
- If you receive a notice from the IRS that it has received reports of your earnings (W-2s and/or 1099s) from employers who are unknown to you.
- If you receive notice from the IRS that you owe federal income tax for a year in which you did not work.

## **Report Possible Identity Theft!**

You can report possible identity theft to the IRS by filing IRS Form 14039, Identity Theft Affidavit. If you believe you are a victim of identity theft you should also:

- File a police report with local police
- File a complaint with the Federal Trade Commission at [www.identitytheft.gov](http://www.identitytheft.gov) or the FTC Identity Theft Hotline at 1-877-438-4338 or TTY 1-866-653-4261
- Contact one of the three major credit bureaus to place a 'fraud alert' on your credit records:

Equifax, 1-800-525-6285  
Experian, 1-888-397-3742  
TransUnion, 1-800-680-7289

## **Ensure your separation pay is taxed properly!**

If your separation pay notes a partial service-related disability, only the portion of the pay that is NOT related to the service-related disability is taxable. You should not be taxed on the disability portion of your separation pay.

## **Be aware of special tax considerations for disabled veterans!**

Disabled veterans may be able to claim a federal tax refund based on:

- An increase in the veteran's percentage of disability from the Department of Veterans Affairs (which may include a retroactive determination); or
- The combat-disabled veteran applying for, and being granted, Combat-Related Special Compensation, after an award for Concurrent Retirement and Disability.

To do so, the disabled veteran will need to file IRS Form 1040X.

Please note: It is only in the year of the Department of Veterans Affairs reassessment of disability percentage or the year that the CRSC is initially granted or adjusted that the veteran may need to file amended returns.

For more information, please contact

### **The Community Tax Law Project**

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This information is not legal advice. We are providing this information as a public service. We have tried to make it accurate as of the date below, but keep in mind that tax laws change frequently.

CTLP is a nonprofit organization that provides free legal help to low-income taxpayers who have tax problems. CTLP receives funding from the IRS but is not part of the IRS or the Virginia Department of Taxation. Your decision to use CTLP will not affect your rights before the IRS.

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