



# **TAX BULLETIN 09 – 10**

## ***Virginia Department of Taxation***

November 12, 2009

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### **Important Tax Information Regarding Spouses of United States Military Servicemembers**

On November 11, 2009, President Obama signed into law the Military Spouses Residency Relief Act (hereinafter, the “Act”) (S. 475). The Act is effective for taxable year 2009 and thereafter. It does not affect taxes imposed or paid for 2008 and earlier.

The Act amends the Servicemember Civil Relief Act (hereinafter, “SCRA”) to provide that a spouse shall neither lose nor acquire domicile or residence in a state when the spouse is present in the state solely to be with the servicemember in compliance with the servicemember’s military orders if the residence or domicile is the same for both the servicemember and spouse.

Currently, Virginia and a number of other states are collaborating to establish common guidelines for implementing the Act. Therefore, a subsequent Tax Bulletin will be published before the end of the 2009 that will provide military spouses more details about exercising their exemption from Virginia income tax.

#### Income Tax

Under the Act, a spouse of a servicemember may be exempt from Virginia income tax on income from services performed in Virginia if (i) the servicemember is present in Virginia in compliance with military orders; (ii) the spouse is in Virginia solely to be with the servicemember; and (iii) the spouse maintains domicile in another state. Any refunds for taxable year 2009 may be claimed on and after January 1, 2010.

#### Withholding Tax

A spouse whose wages are exempt from Virginia income tax under the SCRA may claim an exemption from Virginia withholding tax. Form VA-4 Personal Exemption Worksheet has been revised to reflect this exemption and can be found on TAX’s website at <http://www.tax.virginia.gov>. Spouses wishing to claim this exemption from income tax may file a revised Form VA-4 with their employer. Spouses claiming exemption from Virginia income tax should consider the impact on their income tax (and estimated income tax) liability in their domicile state.

#### Personal Property Tax

Motor vehicles and other tangible personal property owned by a spouse of a servicemember will be subject to the same tax treatment currently accorded

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servicemembers whether the property is owned or titled in the name of the servicemember, spouse, or both names jointly.

If you have any questions please contact TAX at (804) 367-8031.