

**42.15.214 RESIDENT MILITARY SALARY EXCLUSION**

(1) The following items of military compensation received by a resident service member are exempt from Montana income tax:

- (a) basic, special, and incentive pay received for serving on active duty as a member of the regular armed forces;
- (b) basic, special, and incentive pay received by a member of a reserve component of the armed forces or a member of the National Guard, for active duty in a "contingent operation" as defined in 10 USC 101; and
- (c) basic, special, and incentive pay received by a member of the National Guard for active service authorized by the President of the United States or the Secretary of the Defense for a period of more than 30 consecutive days for the purpose of responding to a national emergency declared by the President and supported by federal funds.

(2) Military compensation that is not exempt from Montana income tax includes:

- (a) salary received for annual training and weekend duty;
- (b) salary received by a member of a reserve component of the armed forces for service not described in (1)(b); and
- (c) retired, retainer, or equivalent pay, or allowances.

(3) As provided in the Military Family Tax Relief Act of 2003, for federal income tax purposes a member of a reserve component of the armed forces may deduct certain travel expenses incurred after December 31, 2002, in connection with serving more than 100 miles away from home. Because the deduction reduces federal adjusted gross income, the deduction also reduces the service member's income subject to Montana tax.

History: 15-30-2620, MCA; IMP, 15-30-2101, 15-30-2117, MCA; Eff. 12/31/72; AMD, Eff. 7/5/75; AMD, 1982 MAR p. 10, Eff. 1/15/82; AMD, 1982 MAR p. 1124, Eff. 5/82/82; AMD and TRANS, from ARM 42.15.111, 2004 MAR p. 3147, Eff. 12/17/04; AMD, 2010 MAR p. 1088, Eff. 4/30/10.