



# Publication 102

January 2009

## *Illinois Filing Requirements for Military Personnel*

The information in this publication is current as of the date of the publication. Please visit our web site at **tax.illinois.gov** to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes and the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions. For many topics, we have provided a reference to the applicable section or part of the Illinois Administrative Code for further clarification or more detail. All of the sections and parts referenced can be found in Title 86 of the Code.

### ***About this publication***

Publication 102, Illinois Filing Requirements for Military Personnel, provides detailed information about Illinois Individual Income Tax filing requirements for military personnel.

The objectives of Publication 102 are to

- clarify which military personnel are required to file an Illinois return.
- explain if military personnel are Illinois residents.
- explain what military income is taxed in Illinois.
- explain how resident, part-year resident, and nonresident military personnel must file an Illinois return.

### ***Taxpayer Bill of Rights***

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to department notices by asking questions, paying the amount due, or providing proof to refute the department's findings.

You have the right to appeal department decisions, in many instances, within specified time periods, by asking for department review or by taking the issue to court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

Problems Resolution Office  
Illinois Department of Revenue  
PO Box 19014  
Springfield, IL 62794-9014

**Get forms and other information faster and easier at [tax.illinois.gov](http://tax.illinois.gov)**

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## General Information

### Am I an Illinois resident?

You are an Illinois resident if you reside in Illinois or have a legal domicile in Illinois but are absent for a temporary purpose during the entire tax year.

A domicile is the place where you reside and the place where you intend to return after temporary absences. Temporary absences include performing active duty in the armed forces while being stationed outside the state, even for considerable periods of time.

### Am I a part-year resident of Illinois?

If you are an Illinois resident for only part of the tax year, you will be considered a part-year resident. For example, if you changed your domicile to a location within Illinois during the tax year, you are a part-year resident of Illinois.

### Am I a nonresident of Illinois?

You are a nonresident of Illinois if you are a member of the armed forces, have a domicile in another state, and are stationed in Illinois on a temporary basis. Reporting for duty at an Illinois location does not make you an Illinois resident. You have the option of remaining a nonresident for Illinois purposes if you have a domicile in another state.

### The “12-month” rule...

If, as an Illinois resident, you

- have been stationed outside Illinois for the entire tax year, and
  - do not earn income subject to Illinois tax,
- you are considered a nonresident for Illinois tax purposes.

### What if I am an Illinois resident, but my spouse is a nonresident or part-year resident?

If you file a joint federal return and one spouse is a full-year Illinois resident while the other is a part-year resident or a nonresident, you may choose to file “married filing separately.” In this case, each spouse must determine income and exemptions as if he or she had filed separate federal returns.

If you choose to file a joint Illinois return, you must treat both your spouse and yourself as residents. This election is irrevocable for the tax year. **Both spouses** will be treated as residents, and all income will be allocated to Illinois. You may be allowed a credit for income tax paid to another state on Schedule CR, Credit for Tax Paid to Other States.

## ***Must I file an Illinois return?***

If you are an Illinois resident or part-year resident, you are required to file an Illinois return if

- you are required to file a federal return, or
- your Illinois base income is greater than your Illinois exemption allowance.

If you are a nonresident, you are not required to file an Illinois return unless you have earned enough taxable income from Illinois sources to have a tax liability (*i.e.*, your Illinois base income from Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax, is greater than your Illinois exemption allowance from Schedule NR).

## ***How do I report my military pay?***

If you are

- **an Illinois resident**, you must file Form IL-1040, Individual Income Tax Return. Your military pay will generally be included in your federal adjusted gross income (AGI) on Form IL-1040, Line 1.
- **a part-year resident**, you must file Form IL-1040 and Schedule NR. Your military pay will generally be included in the Illinois portion of your AGI on Schedule NR. On Schedule NR, Step 3, Column B, you must include
  - all income earned while a resident regardless of whether such income is earned from Illinois sources, and
  - all income earned from Illinois sources while a nonresident.
- **a nonresident**, you are not required to report military pay to Illinois. See "Must I file an Illinois return?" for filing requirements.

**Attach** your military Form W-2 to your Form IL-1040.

## ***What military pay may I subtract?***

You may subtract tax-exempt military pay that is in your AGI, including

- pay for duty in the armed forces, including basic training,
- pay for duty as a cadet at the U.S. Military, Air Force, and Coast Guard academies, as a midshipman at the U.S. Naval Academy, or in ROTC, and
- pay for duty for serving in the U.S. Armed Forces Reserves or a National Guard unit, including a National Guard unit of another state.

**Note** For tax years ending prior to December 31, 2001, you may only subtract compensation paid for active duty.

**Note** For tax years ending prior to December 31, 2007, you may subtract National Guard pay only if you were in the Illinois National Guard.

You may also subtract all income of a person whose federal income tax on that income is forgiven because the person died in a combat zone or due to wounds, disease, or injury incurred in a combat zone.

**Note** Residents, part-year residents, and nonresidents, do not subtract military pay or other income that is not included in your AGI on Form IL-1040, Line 1.

## ***What military pay may I not subtract?***

You may not subtract

- military income (such as combat pay) that you excluded from your AGI on Form IL-1040, Line 1;
- pay you received under the Voluntary Separation Incentive;
- pay you received from the military as a civilian;
- payments you made under the Ready Reserve Mobilization Income Insurance Program; or
- pay for duty as an officer in the Public Health Service.

## ***Which form should I use to subtract military pay?***

For tax years

- 2008 and after, you may subtract military pay on Schedule M, Other Additions and Subtractions for Individuals.
- 2007 and earlier, you may subtract military pay on Form IL-1040.

**Note** If you are a part-year resident or nonresident, you may subtract tax-exempt military pay on Schedule NR, Step 4, Column B if it is included as income in Step 3, Column B.

## ***What common mistakes should I avoid making?***

- You may not subtract out-of-state income on Form IL-1040 under "other subtractions."

If you file as a resident, all income earned from either Illinois or non-Illinois sources is taxed by Illinois unless it is specifically exempt.

If you pay tax to other states, you may be allowed a tax credit on Schedule CR. For more information, see Schedule CR.

- Illinois does not tax military pay earned by service persons. When completing Schedule M (for 2008 and after) or Schedule NR (for 2007 and earlier), you may subtract tax-exempt military pay that is included as income on Form IL-1040 or Schedule NR.

**Office locations**

Maine North Regional Building  
9511 Harrison Street FA 203  
Des Plaines, Illinois 60016-1563  
847 294-4200

200 South Wyman Street  
Rockford, Illinois 61101-1237  
815 987-5210

James R. Thompson Center  
Concourse Level  
100 West Randolph Street  
Chicago, Illinois 60601-3274  
312 814-5232

Willard Ice Building  
101 West Jefferson  
Springfield, Illinois 62702  
800 732-8866  
217 782-3336

15 Executive Drive  
Business Center One, Suite 2  
Fairview Heights, Illinois 62208-1331  
618 624-6773

2309 W. Main  
Suite 114  
Marion, Illinois 62959-1196  
618 993-7650

**Out-of-state office location**  
Century Plaza  
45 Eisenhower Drive  
Suite 2  
Paramus, New Jersey 07352-1416  
201 845-0255

**For information  
or forms**

Visit our web site at [tax.illinois.gov](http://tax.illinois.gov).  
Call us at **1 800 732-8866** or **217 782-3336**.  
Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**.  
Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.  
Call our 24-hour Forms Order Line at **1 800 356-6302**.