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Contact: Maureen B. Collins
Phone: 202/662-8648
E-mail: mcollins2@staff.abanet.org
or
Contact: Robin Rone
Phone: 312/988-5106
E-mail: roner@staff.abanet.org

ABA ALERTING MILITARY FAMILIES TO POTENTIAL TAX SAVINGS

New Project Highlights Recent Changes to the Tax Law

WASHINGTON D.C., March --, 2004 – Thousands of military personnel and their families may be able to lower their tax bill this year, thanks in part to recent changes in the tax law. But some of them could miss out on the savings, if they don't act quickly. To ensure that service members and their families are aware of the new tax benefits available to them, the American Bar Association Section of Taxation and the ABA Standing Committee on Legal Assistance for Military Personnel have teamed up to produce an informational brochure on the Military Family Tax Relief Act of 2003.

While the act, signed into law last November, primarily provides additional tax benefits for active duty and retired military families for 2003 and beyond, some of its provisions are retroactive. To take advantage of this, families will have to amend their tax returns from previous years by November 11, 2004, in order to see a savings.

MILITARY TAX ACT, Add One

“Since portions of the act apply as far back as 1997, there are refunds that are going to be required under the new law,” said Richard Shaw, chair of the ABA Tax Section. “We want to be sure service men and women see their military legal assistance officer, tax lawyer or accountant as soon as possible to ensure they get the refunds they are entitled to.”

Shaw says the act restores fairness to the tax system by easing some of the burden placed on military families whose service prevents them from meeting the standards for tax breaks that

ordinary taxpayers can meet. Some of the new benefits provided to members of the armed services under the new law include:

- • Above-the-line adjustments to income for members of the National Guard or Reserves who must travel more than 100 miles for drills or practice;
- • Greater flexibility for military homeowners who need to sell their home in a shorter period of time and face having to pay capital gains tax;
- • Tax-free dependent day care assistance for military families who use base child care facilities; and
- • Tax-free death benefits paid to survivors who lose a loved one in combat.

Retired Navy Rear Adm. John Jenkins, chair of Standing Committee on Legal Assistance for Military Personnel, says the brochure is just one of the many efforts by the ABA to assist military personnel and their families at this critical time. “The ABA places great value on its long-standing relationship with the military, and the LAMP Committee seeks as many opportunities as it can to collaborate with other ABA entities to help provide outreach, education and legal assistance to service members and their families,” he said.

MILITARY TAX ACT, Add Two

Copies of the brochure are available online on the Tax Section’s public information Web site at www.taxtips4u.org and on the LAMP web site at www.abalegalservices.org/lamp.

The ABA LAMP Committee provides assistance to military lawyers (judge advocates) and civilian lawyers charged with providing civil legal services to an estimated nine million military personnel and their dependents. The committee also serves as a clearinghouse for the armed forces on issues and developments in the law relating to the delivery of legal assistance. LAMP also acts as a liaison between the ABA and the Department of Defense, and its military services.

The American Bar Association Section of Taxation has more than 20,000 tax lawyer members nationwide. Its goals include helping taxpayers better understand their rights and obligations under the tax laws and working to make the tax system fairer, simpler and easier to administer.

The American Bar Association is the largest voluntary professional membership organization in the world. With more than 400,000 members, the ABA provides law school accreditation, continuing legal education, information about the law, programs to assist lawyers and judges in their work, and initiatives to improve the legal system for the public.