

Altmire Introduces Active Duty Military Tax Relief Act

(Washington, DC) - U.S. Representative Jason Altmire (PA-4) introduced legislation this week to provide tax relief to active duty military service members and to help small businesses address the transitional issues imposed when these valued employees are called up to service. The Active Duty Military Tax Relief Act of 2007 permanently extends two tax provisions for active duty members of the military scheduled to expire at the end of the year, increases the standard deduction for them and their families, and encourages small businesses to pay the wage differential between a National Guard member and Reservists' civilian and military pay.

"One third of deployed Reservists take a pay cut when they are called up to active duty," said Congressman Altmire, a member of the Small Business Committee. "Thousands of small business owners voluntarily cover these differences in pay while their employees are deployed. However, currently, the only incentive to do so is out of a commitment to this country and business owners often do so without regard to the financial impact on their bottom line. My bill provides these small businesses with tax relief, encouraging them to help our men and women in uniform and their families during a time of war."

"Families commit to financial obligations based on their civilian income. When the service member is deployed, the family is still obligated to pay the mortgage, utilities, car payment, and college tuition even if their income decreases. [Congressman Altmire's] legislation would support those small businesses already offering differential pay and encourage others to begin," stated Tanna Schmidli, Chairman of the Board of Governors, National Military Family Association, in a letter of support for the Active Duty Military Tax Relief Act.

"Congressman Altmire's legislation will encourage small businesses to hire and provide assistance to members of the National Guard and Reserves and their families," said Jim Clair, a member of the Pennsylvania National Guard and owner of the Ultimate Defensive Driving School. "Deployment is a very real possibility for me. Tax cuts provided in this bill would help me keep my business up and running if I am ever called for active duty."

The Active Duty Military Tax Relief Act would:

- Provide a tax credit to small businesses (100 employees or less) to encourage them to pay an employee called up for active duty for any loss in wages they may experience due to their service;
- Offer a tax credit to small businesses to help pay for the cost of hiring and training a temporary employee who fills a vacancy left by Guardsmen or Reservists called up for active duty;
- Grant a tax credit to self-employed individuals who are called for active duty to cover the loss in income that they may experience while serving;
- Allow survivors of soldiers killed in the line of duty to contribute any amount of the Military Death Gratuity (\$100,000) to tax favored accounts, such as Roth IRAs, Coverdell Education Savings Accounts, and Health Savings Accounts;
- Increase the standard deduction for active duty military personnel for 2007 and 2008 by \$1,000 to \$6,350 for an individual and \$11,700 for a married couple;

- Allow active duty military personnel to treat combat pay as earned income for the purposes of computing the earned income tax; and,
- Permit a service member called to active duty for a period of 179 days or more to make penalty-free withdrawals from their retirement plan.