

# Military Spouse Income Taxation Under SCRA

## Timeline of Changes

The Servicemembers Civil Relief Act (SCRA) provides guidance for military spouses on where they pay earned income tax when living in a different location due to their member's military orders. Over the years, the SCRA was amended, changing the options military spouses have in choosing their state of legal residency for tax purposes.

The most recent updates provide military spouses with even more flexibility to choose one of three options for the purpose of state taxation. The timeline below explains the most recent changes.

**2003**

Earned income was taxed in the residence or domicile where it was earned.

**2009**

### **Military Spouse Residency Relief Act (MSRRA)**

Earned income was taxed where military spouse maintains domicile - not where income was earned - when solely to be with Service member in compliance with Service member's orders.

**2018**

### **Veterans Benefit and Transition Act (VBTA)**

Earned income tax was taxed where military spouse maintains domicile OR in Service member's domicile when solely to be with member in compliance with Service member's orders.

**2022**

### **Veterans Auto and Education Improvement Act**

Earned income may be taxed in Service member's state of domicile or residence, in the military spouse's state of legal residency or domicile, OR in the state where Service member's permanent duty station is located, when solely to be with Service member in compliance with Service member's orders.

## **Options for Military Spouses**

A military spouse can CHOOSE one of the following, for the purpose of taxation of income:

- Service member's residence or domicile
- Spouse's residence or domicile
- Permanent duty station of the Service member

## **Benefits for Military Spouses**

- Flexibility: More tax filing choices may help maximize your income and save money.
- Simplicity: Consistent and predictable tax planning.
- Uniformity: Aligns tax options with family mobility.

## **What Does "Legal Residence" Mean?**

Legal residence, or domicile, means where you intend to return to and remain after military service. In general, this is where you vote, register vehicles, or pay taxes. Most often, this is where you claimed legal residence before military service.

- Please speak with an independent tax advisor for questions about your federal or state income tax.
- Schedule a free consultation with a [Military OneSource MilTax](#) consultant by calling **800-342-9647** or using live chat.
- Questions about military personal finance? Visit <https://finred.usalearning.gov>.
- Questions about the SCRA? Visit <https://www.justice.gov/servicemembers/topics>.



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