

February 24, 2006 8:27AM

Military people can get tax aid

By Rushmie Kalke TELEGRAM & GAZETTE STAFF

WORCESTER? Winter is preparing to give way to spring, and that means tax time is looming. For military families, some dealing with the financial and emotional strain of having lost loved ones, the task of filing can seem Herculean.

But federal and state military tax breaks and benefits can help ease the burden.

Many resources are available for active military personnel and for veterans to find out what they qualify for, said Mary Ellen Hall of the accounting firm Rauker, Scheinfeldt & Co. in Auburn. Tax professionals, such as certified public accountants, enrolled agents licensed by the U.S. Treasury Department and tax lawyers, can help families learn about the different exemptions. Many veterans' centers around the state also offer advice and information.

"It is amazing how a brief conversation can open up a new realm of possibilities," said Ms. Hall, a member of the Massachusetts Society of Enrolled Agents.

A major federal tax return item for active duty personnel is the combat pay exclusion, she said, which omits from gross income wages for duty in a combat area.

There are housing deductions, too, such as moving expenses related to a permanent station change for Armed Forces members on active duty. Military personnel who have owned a home while on active duty are not hit with a capital gains tax when they sell it, as long as they have been there for two years out of a 10-year period.

Many states, Massachusetts included, follow these federal rules or have similar provisions, she said.

Enlisted men and women can also defer their taxes under the Service Members Civil Relief Act if they are able to show that their ability to pay taxes was affected by their service. The deferral applies to taxes that are due before or during military service, and extends the payment to six months after that.

The Veterans' Services Division, which is part of the Massachusetts Department of Health and Human Services, is a central resource for veterans wanting to know about new developments in the state, said its Worcester director, Karen J. Greenwood.

Her office, at 25 Meade St., supplies veterans with a booklet titled "Veterans' Laws and Benefits."

Ms. Greenwood said her phone has been ringing with questions about the Welcome Home Bonus, a tax-free cash payment available to eligible Massachusetts service members activated since Sept. 11, 2001. The bonus, signed into law last Veterans Day, gives a one-time payment of \$1,000 to those who have served in Iraq or Afghanistan and \$500 to those who have served domestically or in other foreign countries for six months or more.

As part of this bill, a relief fund was set up to benefit National Guard and U.S. Armed Forces Reserve families. Taxpayers can donate to the Massachusetts Military Family Relief Fund by checking off a box on their state tax return forms.

Beacon Hill legislators are discussing more benefits. The Massachusetts Military Enhanced Relief Individual Plan was endorsed by members of the Veterans and Federal Affairs and Revenue committees, including Rep. John J. Binienda, D-Worcester, last month. It would cost the state about \$10 million annually. The plan would boost many property tax abatements and exemptions already in law.

If the package is approved, some of the provisions will include:

• A 100 percent property tax exemption for surviving spouses of veterans who die as a result of service in a

combat area. The exemption would be for the first five years after the veteran's death.

?Suspension, at the option of cities and towns, of property tax payments by members of the National Guard, the Reserves or their dependants while on active duty and for six months after duty is complete.

?A broadening of the criteria of a disabled veteran so more would qualify for sales and vehicle excise tax exemptions.