

SPC



COMMONWEALTH of VIRGINIA

Department of Taxation
Richmond, Virginia 23282

MEMORANDUM

TO: William J. West, Supervisor
Technical Services Section
Office Services Division

FROM: Danny M. Payne, Director
Tax Policy Division

DATE: December 28, 1984

SUBJECT: Public Law 98-259 - Forgiveness of Federal Income Tax for
U.S. Military and Civilian Employees Killed in Terrorist
Action

Filing Instructions
(Check Proper Box)

- 58-1118
- Tax Type
- Public Document
- Ruling Letter
- Central Files
- 58-1130
- Compromises

Subject: Ind - Forgiveness
of Fed Tax (new file)

Subject: _____

Subject: _____

Public Law 98-259 amended I.R.C. §692 to forgive from federal income tax the income of U.S. military or civilian employees who die as the result of wounds or injury incurred after 1979 in terroristic or military action outside the United States. The forgiveness applies to the year of death and to any tax year falling within the one-year period preceding the year of injury.

Federal tax returns are still required to be filed, with federal adjusted gross income. However, they must be marked "KITA" (killed in terrorist action) to aid in processing to forgive the tax.

Because Virginia tax is based on federal adjusted gross income and not federal tax, Virginia is unable to forgive tax for "KITA" taxpayers, absent statutory authority to do so.

pg

Approved: _____

W. H. Forst
State Tax Commissioner