



REMOTE WORK FOR MILITARY SPOUSES: AVOID A TAX HEADACHE

By Hailey Brindamour, ACP

DEATH AND TAXES MAY BE LIFE'S ONLY CERTAINTIES,

but one more thing military spouses can always count on is the hassle of trying to maintain their careers amid the chaos of PCSing every few years. With more spouses looking for remote work, navigating each state's unique tax requirements is an important consideration.

What are the practical tax implications of remote employment? State governments require a company to file in each employee's home state of record, which may or may not be the same as where you're currently stationed. To further complicate matters, the state in which you're living may also try to withhold taxes throughout the year, only to issue a refund come Tax Day. If you live in one state, are domiciled in another, and work remotely for a company based elsewhere, your 1040 becomes a virtual minefield.

This was the scenario facing Whitney Chism, an American Corporate Partners remote employee and Air Force spouse whose home of record is North Carolina. When she accepted her current role, she lived in Virginia with her active-duty spouse and wanted to avoid having taxes withheld for both states.

Chism filed for an exemption from Virginia state taxes through the Military Spouse Residency Relief Act (MSRRA), which exempts spouses from taxation in the state where their service member is stationed on active-duty orders, as long as the service member and spouse share a home state of record. Ultimately, Chism paid taxes to North Carolina throughout the year and received a refund after filing her nonresident return.

While Chism's solution may sound simple, there's often more to it than just filling out some paperwork. Chism had to work closely with her employer company, which is based in New York, to ensure they complied with both Virginia and North Carolina law.

Depending on the specifics of your situation, you may need to file a nonresident return in the state where you are stationed. This was the case for Kimberly Moore, who is domiciled in Florida but currently lives in Georgia with her active-duty Army spouse. Because Florida is one of the nine states that does not collect income tax, Moore paid taxes to Georgia throughout the year, receiving a full refund when she filed her state return.

These complications are one reason many employers are skittish about expanding their workforce to include remote employees. Companies need to be registered with each state's Departments of Revenue and Labor to ensure the correct withholdings, including unemployment insurance taxes. Remote employees should educate themselves on their rights under MSRRA as well as their states' tax requirements and be prepared to advocate for themselves to ensure all relevant regulations are followed.

If you are unsure how to file, always seek professional guidance! Military families know that the best place to find a service is often through base word-of-mouth. You can also contact your nearest Armed Forces legal office to see if they provide free tax assistance, or search via the National Association of Enrolled Agents or the Association of International Certified Professional Accountants.

Don't be afraid to "interview" your tax preparer and ask for past references to ensure they have the requisite experience for your situation. "[I]t's all a mess and dependent on each and every single state," says Amber Clark, a remote employee and Coast Guard spouse, noting that even well-known tax preparation companies were bewildered by her situation. She ultimately found an accountant who was also a fellow spouse, familiar with the intricacies of different states' requirements.

Tax headaches are nothing out of the ordinary for military spouses, a cohort accustomed to professional barriers and challenges. With the proper research and preparation, you can find the right remote role while ensuring your taxes are properly squared away. Happy job-hunting! 🇺🇸