Taxable
Long-Term Temporary Duty (LTT) Assignments

What You Need to Know

- Internal Revenue Code is the statutory authority for tax implications on LTT
- A LTT is either temporary or indefinite based on the expected length of the TDY assignment
  - LTT assignments expected to be at <u>one location for more than 1 year</u> are considered indefinite and travel reimbursements are taxable
    - Remains taxable even if the TDY is curtailed and does not last more than 1 year

What Affects Do Assignment Extensions Have

- Extensions may affect tax implications by changing what was a temporary assignment into an indefinite assignment
- Reimbursements become taxable on the date the expectation changed
  - Expectation is applied by using the date of the amended travel order
  - Taxation does not apply to travel performed before the amended order date

Breaks Between TDYs

- A 7-month break between TDY assignments to the same location is required to stop the IRS clock
- If you return to the same TDY location before 7 months transpire
  - TDY is still considered taxable if it had previously been taxable
  - TDY may become taxable on the date of the order extending the assignment

Extended TDY Tax Reimbursement Allowance
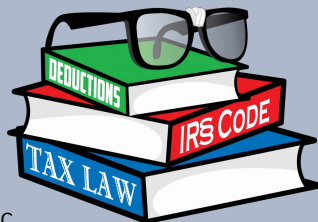
- Authority: 5 U.S.C. 5706c
- ETTRA reimburses substantially all income taxes incurred on travel reimbursements
  - Does not include employment taxes (FICA and Medicare)
- Taxes must be incurred before you can file ETTRA
- How are taxes on reimbursements incurred?
  - Tax withholdings from reimbursements
  - Claiming reimbursements as income on tax returns
- ETTRA payment itself is taxed
  - Formula uses a gross-up tax method

Travel W-2 Tax Statements

What is taxable?

- Per diem (lodging, meals, & incidentals)
- Transportation, to include government procured airfare and R&R transportation
- Miscellaneous reimbursable expenses

What is not taxable?

- Reimbursements for TDY trips away from the main TDY location
- Reimbursements for pre & post deployment CRC locations