

Individual Income Tax Chart

Jurisdiction	Pension
Alabama	<p>Contributions</p> <p>Alabama generally conforms to the federal treatment of contributions to deferred compensation plans for public and private employees under I.R.C. §401. [Ala. Code §40-18-14.1.]</p> <p>Distributions</p> <p>Alabama conforms to the federal treatment of distributions from deferred compensation plans for public and private employees under I.R.C. §401. [Ala. Code §40-18-14.1.]</p> <p>Except for plans specifically exempt by law from tax, payments received from pension, profit-sharing, stock bonus, retirement, annuity, or bond purchase plans, in excess of the taxpayer's investment in such plans, must be included in gross income. [Ala. Admin. Code r. 810-3-14-.01(11).]</p> <p>Pension allowances paid by the Board of Control of the Teachers' Retirement System of Alabama or the Board of Control of the Employees' Retirement System of Alabama are exempt from income tax if approved by the respective Boards. [Ala. Code §40-18-19(a)(1)-(2); Ala. Admin. Code r. 810-3-19-.01(1)(a).]</p> <p>Pension income from the following entities is excluded from the calculation of Alabama adjusted gross income: United States Retirement System benefits, Tennessee Valley Authority Pension System-Benefits and United States Government Retirement Fund. [Ala. Code §40-18-19(a)(1)-(2); Ala. Admin. Code r. 810-3-19-.01(1)(b); Alabama Form 40, Instructions and Worksheets for Alabama Individual Income Tax Return.]</p>
Alaska	<p>Benefits from traditional "defined benefit" pension plans are excluded from gross income. Alaska does not impose an individual income tax.</p> <p>BNA-IITN AK 3.3.2.1.</p>

Arizona

Arizona conforms to the federal treatment of pension contributions and distributions of employees. [See Ariz. Rev. Stat. Ann. §43-1021; Ariz. Rev. Stat. Ann. §43-1022; Ariz. Admin. Code 15-2C-201 (pension contributions are not listed as additions to federal adjusted gross income). See also Kerr v. Killian, 84 P.3d 446, 207 Ariz. 181 (2004) (for tax years after 1990, Arizona law has not provided for subtraction from gross income for mandatory employee contributions to any state or local retirement plans).]

Distributions of up to \$2,500 per year from the following sources are to be subtracted from federal adjusted gross income in determining Arizona adjusted gross income: • the United States Government Service Retirement and Disability Fund;

- the United States Foreign Service Retirement and Disability System;

- retired or retainer pay of the uniformed services of the United States; [Arizona Individual Tax Ruling 11-3.]

- any other retirement system or plan established by federal law; [This applies only to those retirement plans authorized and enacted into the U.S. Code. This does not apply to a retirement plan that is only regulated by federal law (i.e., plans which must meet certain federal criteria to be qualified plans). Ariz. Rev. Stat. Ann. §43-1022(2); Arizona Form 140, Instructions and Worksheets for Arizona Resident Personal Income Tax Return.]

- the Arizona State Retirement System;

- the Arizona State Retirement Plan;

- the Corrections Officer Retirement Plan;

Arkansas

The first \$6,000 of retirement benefits received from public or private employment-related retirement systems, plans, or programs, regardless of the method of funding, is exempt from Arkansas state income tax. [Ark. Code Ann. §26-51-307(a).]

Arkansas has adopted I.R.C. §72 as the sole method regarding the deduction of contributions. [Ark. Code Ann. §26-51-307(c)(1).]

Arkansas conforms to I.R.C. § 401 as in effect on March 30, 2010. Arkansas conforms to I.R.C. §72, 219, 402-404, 406-416, and 457, as in effect on Jan. 1, 2015, regarding annuities, retirement savings, and employee benefit plans, effective for tax years beginning on and after Jan. 1, 2014. [Ark. Code Ann. §26-51-414(a). 2011 S.B. 364, enacted Mar. 30, 2011, revised the conformity date from Jan. 1, 2009, to Jan. 1, 2011; 2015 H.B. 1427, enacted March 20, 2015, but applicable to tax years beginning on or after Jan. 1, 2014.]

BNA-IITN AR 3.3.2.1.

California

California generally conforms to federal treatment of pension income. [California FTB, Tax Publication 1005, Pension and Annuity Guidelines.]

Pensions are includible in the gross income of all California residents who receive them. [See Cal. Rev. & Tax. Code §17071; I.R.C. §61. See *Daks v. Franchise Tax Bd.*, 73 Cal. App. 4th 31 (Cal. Ct. App. 1999) (holding pension income earned while a taxpayer is a resident of another state but distributed after the taxpayer becomes a resident of California is taxable personal income in California); *Appeal of Jamison*, No. 97A-0169 (Cal. State Bd. of Equal. May 14, 1998) (holding that military pension income was taxable by California because the recipient was a state resident when the retirement pay was received; the fact that the right to receive the pension may have resulted from employment in another state in earlier years did not render the pension exempt from tax when it was received while a resident of California). See also *Appeal of McPhee*, No. 61405 (Cal. State Bd. of Equal. Aug. 1, 2001) (disability retirement income is subject to state income tax); *Appeal of Dachman*, No. 874401997 (Cal. State Bd. of Equal. Jan. 10, 2002) (pension distributions received by a California resident are taxable by California, even though the taxpayer earned the income in another state).]

Railroad Retirement Income

Tier 1 railroad retirement benefits are not taxed by California. Similarly, tier 2 railroad benefits reported on federal Form RRB 1099-R are not taxed by California. These benefits may be subtracted from California taxable income to the extent they are included in the computation of federal income. [California FTB, Tax Publication 1005, Pension and Annuity Guidelines.]

Pension Funding Tax

Colorado

Colorado allows a pension/annuity subtraction for taxpayers who are at least 55 years of age as of the last day of the tax year and beneficiaries of any age (such as a widowed spouse or orphan child) who are receiving a pension or annuity because of the death of the person who earned the pension. [Spradling v. Colorado Department of Revenue, 870 P.2d 521 (Colo. Ct. App. 1993). The general assembly amended Colo. Rev. Stat. §39-22-104(4) (Supp. 1992), limiting the tax exemption for such benefits to beneficiaries over 55. Consequently, the taxpayers brought an action, claiming Colo. Rev. Stat. §39-22-104(4) was unconstitutional insofar as it reduced the benefits to which the taxpayers were entitled. The trial court held that even though the taxpayers enjoyed a right to the benefits, no corresponding right existed to the tax exemption covering those benefits. Judgment of the trial court was affirmed.]

This subtraction allows all or a portion of pension and annuity income taxable on the federal return to be exempt from Colorado tax. [Colo. Rev. Stat. §39-22-104(4)(f); Colorado FYI 25.] Married taxpayers filing joint returns must prorate their benefits by using the ratio of their separate benefits to their total benefits in order to determine their separate Colorado pension subtraction. [Colorado FYI Income 18; Colorado FYI Income 25 (provides guidance on the pension and annuity subtraction).]

The amount of the subtraction for qualified taxpayers over 55 years of age, but under age 65 as of the last day of the tax year, is the smaller of: [Colorado FYI Income 25 (provides guidance on the pension and annuity subtraction).]

- \$20,000 or

- the taxable pension/annuity income included in federal taxable income.

The amount of subtraction for taxpayers who are 65 years of

Connecticut

Connecticut conforms to the federal treatment of distributions of pension benefits. [Conn. Gen. Stat. §12-701(a)(19); Conn. Dept. of Rev. Svcs., Pension Income.] Deferrals or contributions to qualified plans are not currently recognized in income on account of Connecticut's conformity to I.R.C. §402(a). [Treas. Reg. §1.402(a)-1(d)(2).]

BNA-IITN CT 3.3.2.1.

Delaware

Delaware residents are eligible for an exclusion of pension income (\$2,000 for individual under 60 and up to \$12,500 for individuals age 60 or older). [Del. Code Ann. tit. 30, §1106(b)(3).] Delaware excludes income from pensions from the computation of Delaware source income for nonresidents. [Del. Code Ann. tit. 30, §1124(b)(1).]

“Eligible retirement income” includes distributions received from qualified retirement plans defined in I.R.C. §§ 4974, 401(k) cash or deferred arrangements, government deferred compensation plans described in I.R.C. §457, dividends, capital gains, interest, and rental income from real property less deductible rental expenses. [Del. Code Ann. tit. 30, §1106(b)(3)(a)(2)(B).]

BNA-IITN DE 3.3.2.1.

District of Columbia

The District conforms to federal treatment of pension contributions and distributions under I.R.C. §402, which taxes distributions but allows deferral of contributions. [D.C. Code Ann. §47-1803.02.]

Prior to Jan. 1, 2015 , the District excluded up to \$3,000 of pension received by individuals who are 62 years or older from the District or the federal government. [D.C. Code Ann. §47-1803.02(a)(2)(N).]

BNA-IITN DC 3.3.2.1.

Florida

Florida does not impose an individual income tax.

BNA-IITN FL 3.3.2.1.

Georgia

Georgia generally conforms to the federal tax treatment of pension distributions. ["Distributions from any public retirement or pension system shall conform to ... §401(a)(9) of the federal Internal Revenue Code and the regulations promulgated ... as applicable to a governmental plan within the meaning of §414(d)" Ga. Code Ann. §47-1-80.]

Georgia taxable income includes income only from the pensions of Georgia residents. [See Parrish v. Employees' Ret. Sys., 260 Ga. 613 (Ga. 1990) (Holding that it is constitutional for Georgia to impose a state income tax on the retirement benefits received by retired Georgia state school teachers and employees).] The federal Source Tax Act of 1996 prohibits states from imposing an income tax on any retirement income of an individual who is not a resident or domiciliary of that state. [Pub. L. No. 109-264.]

Georgia taxable income does not include income received from public pension or retirement funds, programs or systems, if the income is exempted by federal law or treaty and the income is included in the taxpayer's federal adjusted gross income. [Ga. Code Ann. §48-7-27(a)(4)(A).]

Retirement income that is otherwise includable may be subject to the retirement income exclusion. [Ga. Code Ann. §48-7-27(a)(5)(A), as amended by 2012 H.B. 386, effective Jan. 1, 2013, amending the exclusion amounts for retirement income.]

A taxpayer is eligible for the retirement income exclusion only if the taxpayer is at least 62 years old, or is permanently and totally disabled, meaning that the taxpayer has a medically demonstrable disability which is permanent and which renders the taxpayer incapable of performing any gainful occupation within the taxpayer's competence. [Ga. Code Ann. §48-7-27(a)(5)(D)(i) to (iii); Ga. Comp. R. & Regs. r. 560-7-4-.02(1).] The adjustments to Georgia taxable income are added or subtracted first to arrive at Georgia taxable

Hawaii

Hawaii does not tax qualifying distributions from an employer-funded pension plan. [Haw. Rev. Stat. 235-7(a)(3); Haw. Regs. §18-235-7-02 and 18-235-7-03.] For a distribution to be qualifying, it must be paid by a retirement plan by reason of retirement, disability, or death. The plan does not have to be a plan that is qualified under I.R.C. §401. [Haw. Rev. Stat. 235-7(a)(3); Haw. Regs. §18-235-7-02 and 18-235-7-03.]

BNA-IITN HI 3.3.2.1.

Idaho

Idaho follows the federal treatment of most pension distributions. [Idaho taxable income is an individual's federal taxable income with certain adjustments. Idaho Code §63-3011B. Federal taxable income means gross income, as defined in I.R.C. §61, minus allowable deductions. I.R.C. §63(a). Subsequently, Idaho will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Idaho law that states otherwise.]

Under federal law, distributions from qualified pension plans are taxed to recipients under special annuity rules. [I.R.C. §402(a) .] Under these rules, a portion of each distribution can be excluded from federal gross income as a return of investment. This portion is computed by multiplying each payment by an exclusion ratio. In turn, the exclusion ratio is determined by dividing the investment in the annuity contract by its expected return (based on either fixed term or life expectancy). [I.R.C. §72.]

In computing Idaho taxable income, individual taxpayers 65 or older (age 62 or older if disabled) can deduct qualified government retirement annuities and benefits when calculating taxable income. Annuities paid by the federal government under the civil service retirement system (CSRS), the foreign service retirement and disability system (FSRDS) and the offset programs of the CSRS and the FSRDS are deductible. Also included as deductible benefits are payments from the Idaho firemen's retirement fund, benefits paid to an Idaho police officer by a city or its agent or the public employee retirement system, and U.S. military retirement pensions. [Idaho Code §63-3022A(a), as amended by 2012 H.B. 364, effective Jan. 1, 2012 and as amended by 2015 H.B. 36, effective Jan. 1, 2015; Idaho Regs. §35.01.01.130.01.]

Illinois

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Illinois treatment of deferred compensation generally follows federal income tax treatment, except that qualified retirement plan payments are not subject to Illinois income tax. [35 ILCS 5/203(a)(2)(F); Illinois General Information Letter IT 01-0064-GIL (Aug. 20, 2001).] Government employee retirement and disability plan income is excluded from Illinois base income. [Illinois General Information Letter IT 01-0057-GIL (July 24, 2001).] Pension payments taxable under I.R.C. §403(b) are not subject to Illinois income tax. [Illinois General Information Letter IT 02-0034-GIL (Aug. 29, 2002); Illinois General Information Letters IT-13-0003-GIL and IT-13-0004-GIL (March 26, 2013) (foreign pension income does not qualify for subtraction from Illinois adjusted gross income unless the foreign pension plan is recognized under 35 ILCS 5/203(a)(2)(F)).]

BNA-IITN IL 3.3.2.1.

Indiana

Indiana generally conforms to the federal tax treatment of pension plan contributions and distributions. [Ind. Code Ann. §6-3-1-3.5(a)(12).]

An Indiana taxpayer may subtract from Indiana adjusted gross income federal social security and railroad retirement benefits included in federal gross income. [Ind. Code Ann. §§ 6-3-1-3.5(a)(7) and (8).]

BNA-IITN IN 3.3.2.1.

Iowa

Iowa permits a subtraction of the first \$6,000 (\$12,000 for married couples) in retirement plan distributions received, including pension payments, so long as the taxpayer is at least 55 years old. [Iowa Code Ann. §422.7(31); Iowa Form IA-1040, Instructions to Individual Income Tax Return - Pension/Retirement Income Exclusion.]

The surviving spouse of a deceased taxpayer is entitled to the same subtraction even if the spouse does not qualify on their own; however, the subtraction would only be permitted against the benefits received on account of the taxpayer's death. [Iowa Code Ann. §422.7(31).]

Nonresident Retirement Income

Distribution from pension plans, annuities, individual retirement accounts, and deferred compensation plans received by a nonresident are exempt from Iowa income tax if the distributions are directly related to the taxpayer's retirement. [Iowa Admin. Code r. 701-40.45(422).]

BNA-IITN IA 3.3.2.1.

Kansas

Kansas generally conforms to the federal treatment of contributions to and distributions from pensions. [Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.] Distributions from certain state pensions plans are exempt from Arizona income tax. [Kan. Stat. Ann. §74-4923(b)..] A taxpayer must add back employee pension contributions paid by an employer. [Kan. Stat. Ann. §79-32,117(b)(vi).]

The Kansas taxable income computation begins with Kansas adjusted gross income, which is the taxpayer's federal adjusted gross income with modifications, less Kansas deductions and exemptions. If Kansas law does not explicitly state how to treat a type of income that is included in the computation of federal adjusted gross income, the federal provisions govern. [See Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.]

Kansas taxable income does not include amounts received as retirement benefits from the Kansas Public Employees Retirement System (KPERs). [Kan. Stat. Ann. §74-4923(b).] In computing Kansas taxable income, any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation are subtracted from federal adjusted gross income. [Kan. Stat. Ann. §79-32,117(c)(ii).] Kansas law specifically provides that pension benefits received from KPERs are exempt from Kansas taxation. ["Any ... benefits under [KPERs] ... received as a lump-sum payment at retirement ... and all earnings ... shall be exempt from any tax of the state of Kansas." Kan. Stat. Ann. §74-4923(b).] As a result, Kansas taxable income computation requires a subtraction from federal adjusted gross income of amounts received from KPERs, limited to the amount actually included. Other common Kansas pension plan retirement benefits that are not taxable on the Kansas return are Kansas Police and Fireman's Retirement System Pensions, Kansas Teacher's Retirement Annuities, Kansas Highway Patrol pensions, Justices and Judges

Kentucky

Kentucky conforms to federal treatment of contributions to pension plans, including the deductions permitted under I.R.C. §62 and I.R.C. §219. [Ky. Rev. Stat. Ann. §141.010(10)(i).] The first \$41,110 of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans are excluded from taxable income. [Ky. Rev. Stat. Ann. §141.010(10)(i)(2); Kentucky Tax Alert November 2016.]

If an employer ceases participation in the pension system, contributions to an alternative retirement plan are given the same tax treatment as contributions to pension plans. [Ky. Rev. Stat. Ann. §61.523(4), as enacted by 2016 S.B. 209, effective July 15, 2016; Ky. Rev. Stat. Ann. §141.010(10)(d), as amended by 2016 S.B. 209, effective July 15, 2016.]

BNA-IITN KY 3.3.2.1.

Louisiana

In Louisiana, amounts received as distributions or benefits from pensions are includable in Louisiana gross income. [Louisiana Form IT-540, Instructions and Worksheets for Louisiana Resident Individual Income Tax Return.] However, \$6,000 of annual retirement income received by an individual 65 years of age or older, which includes distributions from pensions, is exempt from state income tax. [La. Rev. Stat. Ann. §47:44.1(A).]

BNA-IITN LA 3.3.2.1.

Maine

Maine conforms to the federal treatment of contributions to pension plans, including the deductions permitted under I.R.C. § 62 and I.R.C. § 219, and does not tax such contributions. Certain amounts related to an individual's receipt of retirement plan benefits must be subtracted from federal adjusted gross income for Maine income tax purposes. [Me. Rev. Stat. Ann. tit. 36, §5121; Me. Rev. Stat. Ann. tit. 36, §5122(2)(M); Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1), as amended by 2016 L.D. 1506, effective March 1, 2016, but retroactively applicable to June 30, 2015; Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-2), as amended by 2016 L.D. 1506, effective March 1, 2016.] However, pick-up contributions paid by the taxpayer's employer on the taxpayer's behalf to the Maine State Public Employee Retirement System must be added back. [Me. Rev. Stat. Ann. tit. 36, §5122(1)(G).]

Beginning on or after Jan. 1, 2014, Maine excludes up to \$10,000 of retirement benefits received, including pension income, reduced by any social security and railroad retirement benefits from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1) and (M-2).]

For tax years starting on or after Jan. 1, 2016, military retirement plan benefits, whether paid to the former military member or their survivor, are exempt from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2), as amended by 2015 L.D. 1019, effective June 30, 2015.]

BNA-IITN ME 3.3.2.1.

Maryland

Maryland generally conforms to the federal treatment of retirement plan distributions. [Md. Code Ann., Tax-Gen. §10-107, Md. Code Ann., Tax-Gen. §10-203; see also I.R.C. §408.] Contributions to a member retirement or pension program are added back to adjusted gross income. [Md. Code Ann., Tax-Gen. §10-204(f); see Maryland Administrative Release No. 21.] Maryland provides a subtraction from federal adjusted gross income to taxpayers who are at least 65 old on the last day of the taxable year or totally disabled (or with a spouse that is totally disabled) for retirement distributions. [Md. Code Ann., Tax-Gen. §10-209(b).]

Pick-up contributions are allowed only for the following retirement programs: • employees' retirement system, employees' contributory pension system;

- teachers' retirement system;
- teachers' pension system;
- state police retirement system;
- judges' retirement system; and
- law enforcement officer's pension system. [See Maryland Administrative Release No. 21.]

Maryland provides a subtraction from federal adjusted gross income to taxpayers who are at least 65 old on the last day of the taxable year or totally disabled (or with a spouse that is totally disabled). The amount of the subtraction is the lesser of: • the cumulative or total annuity, pension, or endowment income from an employee retirement system included in federal adjusted gross income; or

Massachusetts

Income from private pensions is generally taxable. Income from pension funds of the U.S. and Massachusetts governments is not included in gross income. [Mass. Gen. L. ch. 62, §2(a)(2)(E).]

BNA-IITN MA 3.3.2.1.

Michigan

Michigan generally conforms to the federal tax treatment of pension plan contributions and distributions. Distributions from certain private, U.S., state and local pension plans are exempt from Michigan income tax. [Mich. Comp. Laws §206.30(1)(f), Mich. Comp. Laws §206.30(1)(f)(iii); Mich. Dept. of Treas., Individual Income Tax for Retirement Benefits - Effective Tax Year 2015 (March 17, 2016) (summarizes 2015 tax year individual income tax treatment of retirement benefits).]

The Michigan Department of Treasury issued a release detailing the personal income tax treatment of pension and retirement benefits for taxpayers. A subtraction is available for private and public pension income. [Mich. Comp. Laws §206.30(1)(f), Mich. Comp. Laws §206.30(1)(f)(iii); Mich. Dept. of Treas., Individual Income Tax for Retirement Benefits - Effective Tax Year 2015 (March 17, 2016) (summarizes 2015 tax year individual income tax treatment of retirement benefits); Mich. Dept. of Treas., Individual Income Tax for Retirement Benefits - Effective Tax Year 2014 (Jan. 20, 2015) (summarizes 2014 tax year individual income tax treatment of retirement benefits); But see In re Request for Advisory Opinion Regarding Constitutionality of 2011 PA 38, 806 N.W.2d 683, 2011 BL 297358 (Mich. 2011), in which the Michigan Supreme Court held that the state's plan to tax pensions and other retirement income is for the most part constitutional, and the provision that is not - determining eligibility for exemptions and deductions on the basis of household resources - can be severed from the remainder of the law; but see also Okrie v. State, 2016 BL 193594 (Mich. Ct. App. 2016) (holding that individuals have no private right of action against the state over changes to the taxable status of state-sponsored retirement plans).] Pension plans include private and public employer plans, and individual accounts governed by federal law.

The pension subtraction involves two steps. First, the

Minnesota

Pensions received while a Minnesota resident are taxable by Minnesota regardless of where the pension was earned. [Minnesota Individual Income Tax Fact Sheet 6; Minnesota Individual Income Tax Fact Sheet 5a (explains that, if a resident, then the military pension is taxable); see also Snell, National Conference of State Legislatures, State Personal Income Taxes on Pensions and Retirement Income: Tax Year 2010 (2011) (noting that Minnesota does not provide an exclusion from tax for state/local pensions, federal civil service pensions, military pensions, and private pensions).]

Railroad Retirement Income

Retirement benefits paid by the Railroad Retirement Board are not taxed by Minnesota. These benefits may be subtracted from Minnesota taxable income to the extent they are included in the computation of federal income. [Minnesota Individual Income Tax Fact Sheet 6.]

Taxpayers should subtract the amount of income received from pensions or other retirement plans paid by the federal government for serving in the military. [Minn. Stat. § 290.01(19b)(21), as amended by 2016 H.B. 2749, effective for taxable years beginning on or after Jan. 1, 2016, adding the subtraction for pension income of military servicemembers.]

BNA-IITN MN 3.3.2.1.

Mississippi

Mississippi excludes from income amounts received as retirement allowances, pensions, annuities, or optional retirement allowances paid under certain programs or plans. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exclusion applies to income from the following plans:

- the federal Social Security Act;

- the Railroad Retirement Act;
- the Federal Civil Service Retirement Act;
- any other retirement system of the federal government;
- the Mississippi Public Employees' Retirement System;
- the Mississippi Highway Safety Patrol Retirement System;
- any other retirement system of the State of Mississippi or its subdivisions;
- any other public or governmental retirement system; and
- any private retirement system or plan that the taxpayer was a member of during employment. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exemption from income is extended to the surviving spouse or other beneficiary on the death of the primary retiree. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

Missouri

Missouri taxes the total amount of all private annuities, pensions, or retirement allowances above \$6,000 in the same manner as other sources of taxable income received by the taxpayer. [Mo. Rev. Stat. §143.123 and Mo. Rev. Stat. §143.124(3); see Mo. Dept. of Rev., Missouri Letter Ruling LR7582 (June 4, 2015) (benefits paid under a publicly funded agency's pension plans are retirement benefits received from sources other than privately funded sources for Missouri income tax purposes).]

For tax years beginning Jan. 1, 2012, Missouri allows a maximum exemption of 100 percent for public and private pension distributions that have been included in arriving at adjusted gross income if a taxpayer's income is less than a specific threshold based on the taxpayer's filing status. A taxpayer who has income greater than the threshold may qualify for a partial deduction. [Mo. Rev. Stat. §143.124(8). See Missouri Form 1040P, Instructions for Property Tax Credit/Pension Exemption Short Form; Mo. Dept. of Rev., Pension Exemption and Social Security/Social Security Disability Deduction: Am I Eligible?]

BNA-IITN MO 3.3.2.1.

Montana

Montana allows an exclusion from adjusted gross income for pension and annuity income up to a certain amount, which is indexed for inflation. For married taxpayers filing jointly, each may claim the exclusion. This exclusion is subject to phaseout at a rate of \$2 for every \$1 that federal gross income exceeds a threshold amount, which is indexed for inflation. [Mont. Code Ann. §15-30-2101(25) (definition of pension and annuity income); Mont. Code Ann. §15-30-2110(2)(c), as amended by 2015 H.B. 359, effective Oct. 1, 2015, but applicable to tax years starting on or after Jan. 1, 2016; Mont. Admin. R. 42.15.219. See former Mont. Admin. R. 42.15.118.]

For 2016, the maximum pension and annuity exemption is \$4,070, which begins to phaseout at \$33,910 of adjusted gross income. [Mont. Dept. of Rev., Montana 2016 Individual Income Tax (2016).] For 2015, the maximum pension and annuity exemption is \$3,980, which begins to phaseout at \$33,190. [Mont. Dept. of Rev., Montana 2015 Individual Income Tax (2016).] For 2014, the maximum pension and annuity exemption is \$3,980, which begins to phaseout at \$33,200 of adjusted gross income. [Mont. Dept. of Rev., Montana 2014 Individual Income Tax (2014).] For 2013, the maximum pension and annuity exemption is \$3,900, which begins to phaseout at \$32,480 of adjusted gross income. [Mont. Dept. of Rev., Montana 2013 Individual Income Tax (2013).] For 2012, the maximum pension and annuity exemption is \$3,830, which begins to phaseout at \$31,920 of adjusted gross income. [Mont. Dept. of Rev., Montana 2012 Individual Income Tax (2012).]

BNA-IITN MT 3.3.2.1.

Nebraska

Nebraska generally conforms to federal treatment of contributions to and distributions from pension plans. [Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §401.]

Government and Military Disability Pensions

Government and military disability pensions are exempt from tax in Nebraska if the pensions are paid for combat-related injuries or illnesses. [See Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §104(a)(4).]

Railroad Retirement Board Payments

Nebraska does not collect state income taxes on Railroad Retirement pensions. [See Neb. Admin. R. & Regs. 22-002.05F.] Railroad Retirement Board payments to retired railroad employees or their families that are included in federal adjusted gross income must be subtracted from a taxpayer's federal adjusted gross income in order to determine the taxpayer's Nebraska taxable income. Railroad Retirement Board payments include Tier I and II, Supplemental Annuity, and Dual Vested Benefits as reported by taxpayers on Forms RRB-1099 and RRB-1099-R issued by the Federal Railroad Retirement Board. [Neb. Rev. Stat. §77-2716; Neb. Admin. R. & Regs. 22-002.05F.] Unemployment or sickness insurance benefits paid by the Railroad Retirement Board are comparable to Tier I and Tier II benefits for Nebraska individual income tax purposes. That is, the benefit payments are exempt from state income tax and, therefore, are appropriate adjustments decreasing federal adjusted gross income on the Nebraska income tax return. [Nebraska Revenue Ruling 22-90-3.]

BNA-IITN NE 3.3.2.1.

Nevada

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.2.1.

New Hampshire

New Hampshire does not tax contributions to or distributions from pensions.

BNA-IITN NH 3.3.2.1.

New Jersey

New Jersey does not conform with the federal treatment of pension income for certain taxpayers. [N.J. Rev. Stat. §54A:6-10(b)(1), as amended by 2016 A.B. 12, effective Oct. 14, 2016.]

New Jersey exempts pension amounts for taxpayers who are over age 62 and make less than \$100,000 per year in the following amounts: • For tax years 2003 to 2016, up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer.

- For tax year 2017, up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer.

- For tax year 2018, up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer.

- For tax year 2019, up to \$80,000 for a married couple filing jointly, \$40,000 for a married person filing separately, or \$60,000 for an individual filing as a single taxpayer.

- For tax years 2020 and later, up to \$100,000 for a married couple filing jointly, \$50,000 for a married person filing separately, or \$75,000 for an individual filing as a single taxpayer. [N.J. Rev. Stat. §54A:6-10(b)(1), as amended by 2016 A.B. 12, effective Oct. 14, 2016.]

When only one spouse, including a spouse in a valid same-sex marriage or a civil union partner, qualifies for the exclusion the married couple filing jointly may claim the entire exemption, but it may only be applied to the income of the qualifying spouse or civil union partner. [N.J. Div. of

New Mexico

Contributions to pension income are included in the calculation of New Mexico adjusted gross income. [N.M. Stat. Ann. §7-2-2; In re the Protest of Lonyta Viklund and David Galloway to the Denial of Refund Issued Under Letter ID L2117258880, L0566983040, L0135635840, L1641700480 (Claim for Refund Inaction), No. 10-4 (N.M. Taxn. and Rev. Dept. March 23, 2010) (finding that because taxpayer did not prove to have established a domicile in England, but was a resident of New Mexico, contributions to pension plan were fully includible in the computation of New Mexico adjusted gross income). See also New Mexico Form PIT-ADJ, Schedule of Additions, Deductions, and Exemptions; New Mexico Form PIT-ADJ, Instructions.]

Retirement income is considered compensation subject to New Mexico personal income tax and is allocable to New Mexico, regardless of:

- where the compensation was paid from, or
- whether the resident was a resident of New Mexico at the time of the employment which gave rise to the income. [N.M. Admin. Code tit. 3, §3.11.13.]

Retirement income received by a first-year resident after the first-year resident becomes a resident of New Mexico is allocable to New Mexico. Retirement income received by a first-year resident before the first-year resident becomes a resident of New Mexico is not allocable to New Mexico. [N.M. Admin. Code tit. 3, §3.11.13.]

Retirement income of a nonresident is allocable to the nonresident's state of residence regardless of the fact that the income is paid by or derived from a source in New Mexico or the employment giving rise to the income took

New York

New York generally conforms to the federal tax treatment of pension plan contributions and distributions. Distributions from certain U.S., state and local pensions plans are exempt from New York income tax. [N.Y. Tax Law §612(c)(3); N.Y. Comp. Codes R. & Regs. tit. 20, §112.3(c)(1)(i).]

New York conforms to the federal treatment of pension contributions of employees working within the private sector. [N.Y. Tax Law §612.] The first \$20,000 of pension income received by an individual who is at least 59¹/₂ years of age is subtracted from federal adjusted gross income to determine New York adjusted gross income. [N.Y. Tax Law §612(c)(3-a); as amended by 2015 A.B. 3009 and 2015 S.B. 2009, effective April 13, 2015; N.Y. Comp. Codes R. & Regs. tit. 20, §112.3(c)(2); see New York TSB-A-09(10) (distributions from individual retirement account that was funded with assets rolled over in direct trustee-to-trustee transfer from New York state tax-deferred annuity plan are not included in taxpayer's New York taxable income because distributions represent return of principal attributable to pension rollover any gain or income earned on amount of rollover to IRA from tax deferred annuity under I.R.C. §403(b) funded by New York state employer is included in New York taxable income to extent it does not qualify for \$20,000 income subtraction under Tax Law §612(c)(3-a)); New York TSB-A-09(9) (distributions from I.R.C. §457 plans qualify for the exclusion); New York TSB-A-15(1) (taxpayer's World Bank pension would qualify for the \$20,000 subtraction modification under N.Y. Tax Law §612(c)(3-a)); New York TSB-A-15(6) (July 15, 2015) (distributions to retired federal employee from federal Thrift Savings Plan account that are attributable to the rollover IRA established while the retiree was employed in the private sector are not eligible for an exclusion under N.Y. Tax Law §612(c)(3)(ii), but may be eligible for an exclusion, not in excess of \$20,000 under N.Y. Tax Law §612(c)(3-a) if all the requirements of that section are met).]

New York City

Because New York City taxable income for an individual taxpayer is the same as its New York State taxable income, New York City has the same treatment of pension distributions as New York State. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). Compare N.Y. City Admin. Code §11-1712(c)(3) with N.Y. Tax Law §612(c)(3).]

BNA-IITN NYC 3.3.2.1.

North Carolina

North Carolina generally conforms to the federal tax treatment of pension plan contributions and distributions. [N.C. Gen. Stat. §105-153.5 (pension contributions are not listed as additions to federal adjusted gross income and pension distributions are not listed as subtractions to federal adjusted gross income).]

Until Jan. 1, 2014, amounts, up to \$4,000, received from a state, local, or federal government retirement plan and amounts, up to \$2,000, received from any other retirement plan are not included in North Carolina tax base. [N.C. Gen. Stat. §105-134.6(b)(6), as repealed by 2013 H.B. 998, effective Jan. 1, 2014.] However, a deduction is allowed for retirement income exempt from tax pursuant to a settlement in the following cases: Bailey v. State 540 S.E.2d 313, (N.C. Sup. Ct. 2000) (92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS 8230), Emory v. State (98CVS 0738), and Patton v. State (95 CVS 04346). [N.C. Gen. Stat. §105-134.6(b)(6), as repealed by 2013 H.B. 998, effective Jan. 1, 2014.]

Amounts received from pensions paid under the Railroad Retirement Act of 1937 are explicitly excluded from North Carolina taxable income. [N.C. Gen. Stat. §105-134.6(b)(3), as repealed by 2013 H.B. 998, effective Jan. 1, 2014 and re-enacted as N.C. Gen. Stat. §105-153.5(b)(3), effective Jan. 1, 2014.]

BNA-IITN NC 3.3.2.1.

North Dakota

North Dakota conforms to the federal treatment of pension income. [N.D. Cent. Code §57-38-30.3; N.D. Admin. Code §81-03-01.1-02.]

BNA-IITN ND 3.3.2.1.

Ohio

Ohio generally conforms to the federal tax treatment of contributions and distributions of pension plans. Ohio taxes resident income derived from pensions and retirement. [Ohio Rev. Code Ann. §5747.01(A).]

BNA-IITN OH 3.3.2.1.

Oklahoma

Oklahoma will not tax the first \$10,000 of federal or Oklahoma state retirement distributions regardless of the taxpayer's age. This deduction cannot exceed the amount included in the taxpayer's federal adjusted gross income. [Okla. Stat. Ann. tit. 68, §2358(E)(9); Okla. Admin. Code §710:50-15-49(a); Oklahoma Letter Ruling LR-15-031 (Sept. 2, 2015) (stating that Oklahoma's starting point is federal adjust gross income, therefore, if retirement income is not included in federal adjusted gross income it is not subject to Oklahoma income tax, and if it is included in federal adjusted gross income the \$10,000 exclusion will apply).]

Retirement income from a component of the Armed Forces of the United States will be excluded in the amount of \$10,000 or 50 percent of the amount included in the taxpayer's federal adjusted gross income, whichever is greater. [Okla. Admin. Code §710:50-15-49(g).]

Taxpayers who are over 65 years old will be able to exempt from income distributions received from the following retirement accounts: [Okla. Admin. Code §710:50-15-49(e).]

- an employee pension benefit plan under I.R.C. §401; [Okla. Admin. Code §710:50-15-49(e)(1).]

- an eligible deferred compensation plan under I.R.C. §457; [Okla. Admin. Code §710:50-15-49(e)(2).]

- an individual retirement account, annuity, or trust or simplified employee pension under I.R.C. §408; [Okla. Admin. Code §710:50-15-49(e)(3).]

- an employee annuity under I.R.C. §86; or [Okla. Admin. Code §710:50-15-49(e)(4).]

- lump-sum distributions from a retirement plan under I.R.C. §402(e). [Okla. Admin. Code §710:50-15-49(e)(5).]

Oregon

Oregon follows the federal treatment of pension income. [Or. Rev. Stat. §316.048.]

BNA-IITN OR 3.3.2.1.

Pennsylvania

Distributions are included in income to the extent that contributions were not previously included in income. However, distributions made upon retirement from service, after reaching age 59½ or after a stated period of employment, are excluded from taxable income. [72 Pa. Stat. §7301(d); 61 Pa. Code §101.6(c)(8)(ii); Pa. Dept. of Rev., Retirement: Traditional IRAs and ROTH IRAs (2010); Pennsylvania Form 40IN, Instructions to Pennsylvania Personal Income Tax Return.]

In Pennsylvania, contributions made by employers or labor unions to retirement benefit plans are not included in the employees' income, but contributions made by the employee, whether directly or indirectly, are included in income. [72 Pa. Stat. §7301(d); 61 Pa. Code §101.6(c)(8)(ii); Pennsylvania Personal Income Tax Bulletin No. PIT 2008-1, IRAs (Jan. 16, 2008).] Retirement benefit plans include: Individual Retirement plans (IRA), Simplified Employee Pension Plans (SEP), Keogh plans, Railroad Retirement Act benefit plans, federally qualified employee pension plans and similar old age or retirement benefit plans. [61 Pa. Code §101.6(c)(8)(i).]

BNA-IITN PA 3.3.2.1.

Rhode Island

Rhode Island conforms to the federal treatment of pensions. [R.I. Gen. Laws §44-30-12(a).]

Starting Jan. 1, 2017, taxpayers can subtract up to \$15,000 of their income from certain pensions or annuities. [R.I. Gen. Laws §44-30-12(c), as amended by 2015 H.B. 5900, effective July 1, 2015; and as amended by 2016 H.B. 7454, effective June 24, 2016.]

Prior to Jan. 1, 2017, all pension income has to be included in the computation of Rhode Island taxable income to the extent included in federal adjusted gross income. [R.I. Gen. Laws §44-30-12(c), as amended by 2015 H.B. 5900, effective July 1, 2015; and as amended by 2016 H.B. 7454, effective June 24, 2016; Linnane v. Clark, 557 A.2d 477 (R.I. 1989) (holding that the statutory exemptions related to pension benefits for municipal or state workers were effectively repealed by the state income tax statute).]

BNA-IITN RI 3.3.2.1.

South Carolina

An individual taxpayer who is the original owner of a qualified retirement account is allowed an annual deduction from South Carolina taxable income of not more than \$3,000 of retirement income received. Beginning in the year in which the taxpayer reaches age 65, the taxpayer may deduct not more than \$10,000 of retirement income that is included in South Carolina taxable income. [S.C. Code Ann. §12-6-1170(A)(1).]

Retirement income means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from qualified retirement plans which include those plans defined in I.R.C. § 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement. [S.C. Code Ann. §12-6-1170(A)(2).]

The federal income tax exclusion for amounts received as pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces is allowed for South Carolina income tax purposes. [I.R.C. §104(a)(4); S.C. Code Ann. §12-6-560.]

BNA-IITN SC 3.3.2.1.

South Dakota

Nevada does not impose an individual income tax.

BNA-IITN SD 3.3.2.1.

Tennessee

Tennessee does not tax contributions to, or distributions from, pensions. [See Tenn. Code Ann. §67-2-104(e)(9); Tenn. Dept. of Rev., Guidance For Tennessee's Individual Income Tax Return.]

Tennessee individual income tax does not conform to the Internal Revenue Code. The Tennessee income tax only taxes certain income from interest and dividends. [Tenn. Code Ann. §67-2-102.]

BNA-IITN TN 3.3.2.1.

Texas

Texas does not impose an individual income tax.

BNA-IITN TX 3.3.2.1.

Utah

Utah taxpayers are eligible for the Utah Retirement Tax Credit, which provides a nonrefundable credit for eligible retirement income received by the taxpayer. [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(II). See also Section 3.6.3.]

Railroad Retirement Pension. Any railroad pension payment included in federal adjusted gross income may be deducted by taxpayers to determine Utah taxable income. [Utah Code Ann. §59-10-114(2)(d).]

BNA-IITN UT 3.3.2.1.

Vermont

Vermont uses federal taxable income as its starting point for calculating Vermont taxable income and, therefore, generally follows the federal treatment of pension income. [Vt. Stat. Ann. tit. 32, §5824.]

However, Vermont tax is increased by 24 percent of the taxpayer's combined federal tax liability for the tax year for any additional tax on qualified retirement plans. [Vt. Stat. Ann. tit. 32, §5822(c)(1)(A).]

BNA-IITN VT 3.3.2.1.

Virginia

Virginia generally conforms to the federal treatment of pension contributions and distributions of employees. [Va. Code Ann. §§ 58.1-322(B) and (C) (pension contributions are not listed as additions to federal adjusted gross income and pension distributions are not listed as subtractions to federal adjusted gross income); Va. Dept. of Taxn., Frequently Asked Questions.]

Tier 2 railroad retirement benefits are not taxed by Virginia. [Va. Code Ann. §§ 58.1-322(C)(4); Va. Dept. of Taxn., Subtractions from Income.] These benefits may be subtracted from Virginia taxable income to the extent they are included in the computation of federal income.

Distributions from a qualified plan are excluded from Virginia taxable income to the extent federally-deductible contributions were taxed by another state. [Va. Code Ann. §58.1-322(C)(19).]

BNA-IITN VA 3.3.2.1.

Washington

Washington does not impose an individual income tax.

BNA-IITN WA 3.3.2.1.

West Virginia

West Virginia generally conforms to the federal treatment of pension contributions and distributions. [W. Va. Code §11-21-12(b) and (c) (pension contributions are not listed as additions to federal adjusted gross income and pension distributions are not listed as subtractions to federal adjusted gross income).] Distributions from certain federal, state and local pension plans are exempt from West Virginia income tax. [FN1] W. Va. Code §11-21-12(c)(6) through (8).

West Virginia offers a subtraction to taxpayers who suffered a reduction in benefits due to the termination of a defined benefit pension plan. The subtraction is the difference between the promised benefit and the amount actually received by the taxpayer in the given year. [W. Va. Code §11-21-12d.]

The retirement plan subtraction ends in tax year 2011.

BNA-IITN WV 3.3.2.1.

Wisconsin

Wisconsin generally conforms to the federal treatment of retirement plans and will tax them to the extent they are taxed for federal purposes. [Wis. Stat. §71.01(6); Wis. Admin. Code Tax §1.06; Wisconsin Publication 126; Wisconsin Publication 106.]

Payments received under certain retirement plans are entirely excluded from determining Wisconsin income, including:

- payments made under the U.S. military employee retirement system, if not otherwise exempt; and

- retirement payments from the U.S. government that relate to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, or the commissioned corps of the Public Health Service. [Wis. Stat. §71.05(1)(am) through Wis. Stat. §71.05(1)(an); Wisconsin Publication 126. See also Wisconsin Tax Bulletin No. 194; Wisconsin Publication 106.]

Payments received under certain retirement plans are entirely excluded from determining Wisconsin income if the plan was established prior to 1964. [Wis. Stat. §71.05(1)(a); Wisconsin Publication 126.] Those plans include:

- Milwaukee City Employees;
- Milwaukee City Police Officers;
- Milwaukee Fire Fighters;
- Milwaukee Public School Teachers;
- Milwaukee County Employees;
- Milwaukee Sheriff;

Wyoming

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.2.1.

IRAs

Alabama conforms to the federal treatment of individual retirement account (IRA) contributions and recognizes Roth IRAs. [Ala. Code §40-18-13(a); Ala. Code §40-18-1.1.] Distributions rolled into an IRA are not deductible as an adjustment to income. [Ala. Admin. Code r. 810-3-19-.04.]

Contributions to an IRA may be taken as an adjustment to income, the same as for federal tax purposes. These deductible contributions represent a deferral of tax on a portion of the income. [Ala. Code §40-18-13(a); Ala. Code §40-18-1.1.]

Any distributions for an IRA which were excluded from a previous year must be added to the calculation of Alabama adjusted gross income. [Alabama Form 40, Instructions and Worksheets for Alabama Individual Income Tax Return.]

Roth IRA contributions are not tax-deductible, but qualifying withdrawals are tax-free. A taxpayer must meet income rules to open a Roth IRA. [Alabama Form 40, Instructions and Worksheets for Alabama Individual Income Tax Return.]

BNA-IITN AL 3.3.2.2.

401(k)

Alabama conforms to the federal treatment of contributions made pursuant to I.R.C. §401(k). Contributions to 401(k) accounts are excluded from gross income. [Ala. Code §40-18-14(3)(j); Ala. Admin. Code r. 810-3-14-.02(1)(k).]

BNA-IITN AL 3.3.2.3.

Alaska does not impose an individual income tax.

BNA-IITN AK 3.3.2.2.

Alaska does not impose an individual income tax.

BNA-IITN AK 3.3.2.3.

Arizona conforms generally to the federal treatment of IRA contributions. [See Ariz. Rev. Stat. Ann. §43-102. See Ariz. Rev. Stat. Ann. §43-1021; Ariz. Rev. Stat. Ann. §43-1022.]

Arizona does not list contributions as an addition to federal adjusted gross income or as a reduction to federal adjusted gross income. [Ariz. Rev. Stat. Ann. §43-1021; Ariz. Rev. Stat. Ann. §43-1022.]

However, until July 24, 2014, there was a subtraction from gross Arizona net income of any distributions from an IRA which were less than the amount contributed by the taxpayer to the IRA before 1976. [See former Ariz. Rev. Stat. Ann. §43-1022(4), as repealed by 2014 S.B. 1301, effective July 24, 2014.]

BNA-IITN AZ 3.3.2.2.

Arizona conforms generally to the federal treatment of 401(k) contributions. [See Ariz. Rev. Stat. Ann. §43-102. See Ariz. Rev. Stat. Ann. §43-1021; Ariz. Rev. Stat. Ann. §43-1022.]

However, until July 24, 2014, there was a subtraction from gross Arizona net income of any distributions from a 401(k) of a self-employed individual which were less than the amount contributed by the taxpayer to the 401(k) before 1976. [See former Ariz. Rev. Stat. Ann. §43-1022(4), as repealed by 2014 S.B. 1301, effective July 24, 2014.]

BNA-IITN AZ 3.3.2.3.

The first \$6,000 of traditional IRA distributions received after the age of 59 1/2 or received before that age due to the participant's death or disability is exempt from income tax. [Ark. Code Ann. §26-51-307(a).] Other premature withdrawals, such as withdrawals for medical expenses, for higher education expenses, or for a first-time home purchase, do not qualify for the exemption. [Ark. Code Ann. §26-51-307(a).]

Arkansas has adopted I.R.C. §530, as in effect on Jan. 1, 2011, relating to educational individual retirement accounts, effective for tax years beginning on and after Jan. 1, 2011. [Ark. Code Ann. §26-51-448(a). 2011 S.B. 364, enacted Mar. 30, 2011, revised the conformity date from Jan. 1, 2009, to Jan. 1, 2011.]

Arkansas has adopted I.R.C. §72 as the sole method regarding the deduction of contributions. [Ark. Code Ann. §26-51-307(c)(1).]

Arkansas conforms to I.R.C. §72, 219, 402-404, 406-416, and 457, as in effect on Jan. 1, 2011, regarding annuities, retirement savings, and employee benefit plans, effective for tax years beginning on and after Jan. 1, 2011. [Ark. Code Ann. §26-51-414(a). 2011 S.B. 364, enacted Mar. 30, 2011, revised the conformity date from Jan. 1, 2009, to Jan. 1, 2011.]

Contributions to a Roth IRA are not excluded from income, but distributions and accumulated earnings are exempt from income if the funds were held for at least five years, and distributions are made after age 59 1/2. [Ark. Dept. of Fin. and Admin., Subject 300, Traditional Individual Retirement Accounts (IRAs).] The conformity of Ark. Code Ann. §26-51-414(b) to I.R.C. §408A, regarding Roth individual retirement accounts, was updated from Jan. 1, 2009, to Jan. 1, 2010,

The first \$6,000 of retirement benefits received from public or private employment-related retirement systems, plans, or programs, regardless of the method of funding, is exempt from Arkansas state income tax. [Ark. Code Ann. §26-51-307(a).]

Arkansas has adopted I.R.C. §72 as the sole method regarding the deduction of contributions. [Ark. Code Ann. §26-51-307(c)(1).]

Arkansas conforms to I.R.C. §401, as in effect on March 30, 2010, effective for tax years beginning on and after Jan. 1, 2010. [Ark. Code Ann. §26-51-414(a). 2011 S.B. 364, enacted Mar. 30, 2011, revised the conformity date from Jan. 1, 2009, to Mar. 30, 2010.]

BNA-IITN AR 3.3.2.3.

California generally follows federal treatment of income from IRAs. [California Tax Publication 1005, Pension and Annuity Guidelines.]

California generally conforms to federal treatment of qualified retirement plan distributions, with the exception that the additional tax imposed under federal law on early distributions from qualified retirement plans does not apply under California law to distributions made, because of a notice to withhold under state law, after Dec. 31, 1999. [See Cal. Rev. & Tax. Code §17085.7; I.R.C. §72(t). See Appeal of Good, No. 132216 (Cal. State Bd. of Equal. Jan. 10, 2002) (distribution from a §401(k) plan is includible in taxpayer's gross income); Appeal of Barnett, No. 110562 (Cal. State Bd. of Equal. Nov. 29, 2001) (board upheld income tax and penalties assessed against an individual taxpayer who did not substantiate a deduction for pension and annuity income); Appeal of Hanscome, No. 80244 (Cal. State Bd. of Equal. May 31, 2001) (distribution from retirement plan was properly used in calculation of income tax assessment). See In re Barry, No. 250920 (Cal. State Bd. Equal. Jan. 25, 2005) (portion of an IRA distribution that represents an investment in the IRA, or basis, is excludable from taxable income). See also In re Dossin, No. 259949 (Cal. State Bd. Equal. Jan. 25, 2005) (military pension income is taxable by California, even if the taxpayer was a California nonresident while in the military).]

California has adopted the one-year extension under the Tax Increase Prevention Act of 2014 (Pub. L. No. 113-295) (TIPA), allowing tax-free distributions from IRAs for charitable purposes made on or before Dec. 31, 2014. [Cal. Rev. & Tax. Code §17501; I.R.C. §408(d)(8). See Cal. Franch. Tax. Bd., Tax News (Feb. 2015).]

California has adopted many of the federal pension and retirement law changes enacted under the Economic Growth

Generally, California's treatment of deferred compensation is the same as that in I.R.C. §§ 401 through 425. [See Cal. Rev. & Tax. Code §17501 ; Cal. Rev. & Tax. Code §17203; California Tax Publication 1005, Pension and Annuity Guidelines.]

California conforms to federal treatment of qualified retirement plan distributions, with the exception that the additional tax imposed under federal law on early distributions from qualified retirement plans does not apply under California law to distributions made, because of a notice to withhold under state law, after Dec. 31, 1999. [See Cal. Rev. & Tax. Code §17085.7; I.R.C. §72(t). See Appeal of Good, No. 132216 (Cal. State Bd. of Equal. Jan. 10, 2002) (distribution from a §401(k) plan is includible in taxpayer's gross income); Appeal of Barnett, No. 110562 (Cal. State Bd. of Equal. Nov. 29, 2001) (board upheld income tax and penalties assessed against an individual taxpayer who did not substantiate a deduction for pension and annuity income); Appeal of Hanscome, No. 80244 (Cal. State Bd. of Equal. May 31, 2001) (distribution from retirement plan was properly used in calculation of income tax assessment). See In re Barry, No. 250920 (Cal. State Bd. Equal. Jan. 25, 2005) (portion of an IRA distribution that represents an investment in the IRA, or basis, is excludable from taxable income). See also In re Dossin, No. 259949 (Cal. State Bd. Equal. Jan. 25, 2005) (military pension income is taxable by California, even if the taxpayer was a California nonresident while in the military).]

BNA-IITN CA 3.3.2.3.

Colorado allows a subtraction from taxable income IRA distributions that are reported as taxable distributions on the federal income tax return. [Colo. Rev. Stat. §39-22-104(4)(f); 39 Colo. Code Regs. §22-104(4)(f); Colorado FYI Income 25.]

A distribution from an individual retirement arrangement or a self-employed retirement account will qualify so long that the distribution is not a premature distribution for federal income tax purposes (A premature distribution is one on which the taxpayer is required to pay a federal penalty tax). [26 U.S.C. §72(t)(1), 26 U.S.C. §72(t)(2)(A)(i) (A distribution is premature when received before the taxpayer attains the age 59 1/2.); Colorado FYI 25]

When a traditional IRA is rolled over into a Roth IRA, the roll over amount is included in federal adjusted gross income as an IRA distribution. This income qualifies for the pension subtraction in the year the amount is included in the federal adjusted gross income if the taxpayer is over 55 as of December 31 of that year. [Colo. Rev. Stat. §39-22-104(4)(f).]

BNA-IITN CO 3.3.2.2.

Contributions to a retirement plan that are deductible (deferred) for federal income tax purposes are not gross income. Colorado allows a pension/annuity subtraction for taxpayers who are at least 55 years of age and beneficiaries of any age who are receiving a pension or annuity because of the death of the person who earned the pension. [Colo. Rev. Stat. §39-22-104(4)(f); Colorado FYI Income 25.]

Taxable non-qualified deferred compensation payments that qualify as retirement income under received by persons 55 years of age or older will not be gross income, even if such payments are reported as wages for federal income tax purposes. [39 Colo. Code Regs. §22-104(4)(f).]

For taxpayers 55 years old but under 65 years old, the subtraction amount for qualified taxpayers is the lesser of \$20,000 or the taxable pension or annuity income included in federal taxable income. For taxpayers 65 years old and older, the subtraction amount for qualified taxpayers is the lesser of \$24,000 or the taxable pension or annuity income included in federal taxable income. [Colo. Rev. Stat. §39-22-104(4)(f); 39 Colo. Code Regs. §22-104(4)(f).]

BNA-IITN CO 3.3.2.3.

Connecticut conforms to the federal rules for exclusion of contributions to IRAs because the computation of Connecticut's adjusted gross income begins with federal adjusted gross income. Connecticut conforms to the federal rules for inclusion of distributions in income for both IRAs and Roth IRAs. [Conn. Gen. Stat. §§ 12-701(a)(19) and 12-701(a)(20) (IRA contributions are not listed as additions to federal adjusted gross income).]

Employee deferrals or employer matching contributions to qualified plans are not recognized in Connecticut income by operation of conformity to I.R.C. §402(a). [Treas. Reg. §1.402(a)-1(d)(2).] Connecticut conforms to the federal treatment of 401(k) benefits once they are paid out. [Conn. Gen. Stat. §12-701.]

BNA-IITN CT 3.3.2.3.

That is, IRA distributions are treated as ordinary income, [I.R.C. §408(d)(1); Treas. Regs. §1.408-4(a). (exceptions are: distributions that are rolled over tax free to another IRA or to a I.R.C. §401(a) qualified plan, I.R.C. §403(a) annuity plan, or I.R.C. §403(b) tax-sheltered annuity contract; certain tax free distributions of excess contributions that have been made to the IRA; and distributions from a Roth IRA.)] while qualified Roth IRA distributions are not included in income. [I.R.C. §408A(d)(2)(A); Treas. Regs. §1.408A-6. An amount distributed from a Roth IRA is not included in gross income to the extent it is rolled over to another Roth IRA on a tax-free basis under the rules of I.R.C. §408(d)(3) and 408A(e). Also, contributions that are returned to the Roth IRA owner in accordance with I.R.C. §408(d)(4) (corrective distributions) are not includible in gross income, but any net income required to be distributed under I.R.C. §408(d)(4) together with the contributions is includible in gross income for the taxable year in which the contributions were made. Note that amounts distributed from a Roth IRA may be rolled over or transferred only to another Roth IRA and cannot be rolled over to a designated Roth account under a §401(k) or §403(b) plan, even if all amounts in the Roth IRA are attributable to a rollover distribution from a designated Roth account in a plan. Treas. Regs. §1.408A-10, effective for taxable years beginning on or after Jan. 1, 2006.]

BNA-IITN CT 3.3.2.2.

Delaware conforms to the federal treatment of deferred or contingent compensation, 401(k) plans, IRAs, ROTHs, Keogh plans, SEPs and SIMPLEs. [Delaware taxable income is a taxpayer's federal adjusted gross income with Delaware modifications and less Delaware deductions and personal exemptions. Del. Code Ann. tit. 30, §1105. Subsequently, Delaware will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Delaware law that states otherwise.] Generally under federal law, qualified distributions from a Roth IRA are not includible in income or subject to the 10 percent early withdrawal penalty. [See I.R.C. §408; I.R.C. §408A]

BNA-IITN DE 3.3.2.2.

Delaware generally conforms to the federal treatment of deferred or contingent compensation, 401(k) plans, IRAs, ROTHs, Keogh plans, SEPs and SIMPLEs. [Delaware taxable income is a taxpayer's federal adjusted gross income with Delaware modifications and less Delaware deductions and personal exemptions. Del. Code Ann. tit. 30, §1105. Subsequently, Delaware will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Delaware law that states otherwise.]

Delaware residents, age 60 years and older are eligible for an exclusion of pension and retirement income of up to \$12,500 for individuals age 60 or older. [Del. Code Ann. tit. 30, § 1106(b)(3); Del. Div. of Rev., Personal Income Tax FAQs.]

“Eligible retirement income” includes distributions received from qualified retirement plans defined in I.R.C. §§ 4974, 401(k) cash or deferred arrangements, government deferred compensation plans described in I.R.C. §457, dividends, capital gains, interest, and rental income from real property less deductible rental expenses. [Del. Code Ann. tit. 30, §1106(b)(3)(a)(2)(B).]

BNA-IITN DE 3.3.2.3.

The District conforms to federal treatment of IRA contributions and distributions under I.R.C. §408 and I.R.C. §408A, which tax distributions from an IRA and contributions to a Roth IRA. [D.C. Code Ann. §47-1803.02.]

BNA-IITN DC 3.3.2.2.

The District conforms to federal treatment of 401(k) contributions and distributions under I.R.C. §§ 401 and 402, which tax distributions but do not tax elective deferrals. [D.C. Code Ann. §47-1803.02.]

BNA-IITN DC 3.3.2.3.

Florida does not impose an individual income tax.

BNA-IITN FL 3.3.2.2.

Florida does not impose an individual income tax.

BNA-IITN FL 3.3.2.3.

Georgia generally conforms to the federal treatment of IRA distributions. ["The provisions concerning taxability and conversion from a traditional IRA to a Roth IRA are the same for Georgia as they are for the Internal Revenue Service." Form IT- 511, Individual Income Tax Instruction Booklet.] IRA withdrawals may be subtracted from Georgia taxable income if tax was paid to Georgia due to difference between Georgia and federal law for tax years 1981 through 1986. [Georgia Form 500, Georgia Individual Income Tax Return; Georgia Form 500, Instructions for Georgia Individual Income Tax Return; Georgia Form 500-EZ, Georgia Individual Income Tax Return; Georgia Form 500-EZ, Instructions for Georgia Individual Income Tax Return.]

IRA withdrawals of certain taxpayers at least 62 years old, or permanently and totally disabled, are eligible for the retirement income exclusion. The adjustments to Georgia taxable income are added or subtracted first to arrive at Georgia taxable income before calculating the retirement income exclusion. [Ga. Code Ann. §§ 48-7-27(a)(5)(D)(i) to (iii); Ga. Comp. R. & Regs. r. 560-7-4-.02(1); Georgia Form 500, Instructions to Individual Income Tax Return.]

If a taxpayer is at least 62 years old but less than 65 years old or is permanently and totally disabled, the retirement income exclusion is up to \$35,000 of retirement income. If a taxpayer is at least 65 years of age, the retirement income exclusion is up to \$65,000. [Ga. Code Ann. § 48-7-27(a)(5)(A).]

Retirement income includes, but is not limited to, interest income, dividend income, net income from rental property, capital gains income, income from royalties, income from pensions and annuities, and no more than \$4,000 of an individual's earned income. [Ga. Code Ann. § 48-7-27(a)(5)(E).]

Because Georgia conforms to the I.R.C. [Ga. Code Ann. §48-1-2(14).] and federal adjusted gross income is the starting point for computing Georgia taxable income, and there is no applicable Georgia provision, Georgia conforms to the federal treatment of 401(k) contributions and distributions. [Ga. Code Ann. §48-1-2(14); Ga. Code Ann. §48-7-27.]

The amount contributed by the employer pursuant to an employee's election under the I.R.C. §401(k) arrangement is not includible in the employee's gross income. [Treas. Regs. §1.401(k)-1(a)(3).] However, the exclusion cannot exceed the I.R.C. §402(g) limit for the year. [Treas. Regs. §1.401(k)-1(a)(4)(iii). See PLR 9423034 revoking PLR 9317027, which ruled that elective deferrals initially made to an unfunded nonqualified I.R.C. §401(k) plan were excluded from income.]

BNA-IITN GA 3.3.2.3.

Hawaii generally conforms to the federal treatment of retirement savings under I.R.C. §219, including IRAs and Roth IRAs. [Haw. Rev. Stat. §235-2.4; Hawaii Announcement No. 1998-09; Hawaii Form N-11, Instructions to Hawaii Individual Income Tax Return.] However, Hawaii does not conform to all aspects of the federal treatment of certain distributions from Roth IRAs. [Haw. Rev. Stat. §235-2.4(s).]

Retirement vehicles that are funded by the taxpayer, such as annuity plans and Individual Retirement Accounts (IRAs) that are not funded through a Simplified Employee Pension (SEP) plan, are considered to be the taxpayer's own investments. Distributions from these plans may be fully or partly taxable, depending on whether the taxpayer's IRAs include deductible or nondeductible contributions. [Hawaii Form N-11, Instructions to Hawaii Individual Income Tax Return.]

IRAs that are funded by an individual employee (rather than by a rollover from an employer plan) are, in general, deferred compensation plans the distributions from which are fully taxable. [Hawaii Tax Information Release No. 1996-05 (Aug. 14, 1996).] If, however, the contributing individual's IRA deduction is disallowed in whole or in part, the disallowed amount is treated as a contribution of previously taxed income. [Hawaii Tax Information Release No. 1996-05 (Aug. 14, 1996).] When the IRA makes a distribution, part of the money is treated as money on which the recipient has already paid tax, and that part is not taxed again. [Hawaii Tax Information Release No. 1996-05 (Aug. 14, 1996).]

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a qualified distribution, distributions out of the rollover IRA need not be reported as well. [Hawaii Form N-11, Instructions to Hawaii Individual Income Tax Return.]

Hawaii conforms to the tax treatment of 401(k) savings plans. [Haw. Rev. Stat. §235-2.3.] Distributions from 401(k) plans are subject to tax to the extent that the amounts represent deferred compensation. [Haw. Dept. of Taxn., Schedule J; Hawaii Tax Information Release No. 1996-05 (Aug. 14, 1996); Instructions to Hawaii Individual Income Tax Form.] An exclusion ratio will be used to determine that part of the distribution that is excluded. [Haw. Regs. §18-235-7-03(e); Hawaii Tax Information Release No. 1996-05 (Aug. 14, 1996).]

BNA-IITN HI 3.3.2.3.

Idaho conforms to the federal treatment of contributions to individual retirement accounts (IRAs). [Idaho taxable income is an individual's federal taxable income with certain adjustments. Idaho Code §63-3011B. Federal taxable income means gross income, as defined in I.R.C. §61, minus allowable deductions. I.R.C. §63(a). Subsequently, Idaho will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Idaho law that states otherwise. See also Idaho State Tax Comn. v. Stang, 25 P.3d 113 (Id. 2001) (holding that distributions from an IRA are includable as taxable income in the year of the distribution, and there is no provision to permit distributions to be deducted from income in instances where the taxpayer had not been granted a deduction for the contributions at the time they were made).]

BNA-IITN ID 3.3.2.2.

Illinois generally conforms to the federal treatment of contributions to IRAs. [35 ILCS 5/203.] Illinois excludes IRA distributions under I.R.C. § 408 from calculating taxable income. [Illinois Publication 120 (Oct. 2005) (provides guidance on the taxation of retirement income); 35 ILCS 5/203(a)(2)(F).] The state excludes from income amounts included in federal gross income from amounts converted from a regular IRA to a Roth IRA. [35 ILCS 5/203(a)(2)(W).]

Beginning June 1, 2015, Illinois requires certain employers to automatically enroll their employees in Roth IRAs. An employee may choose not to participate in the program. Implementation of this program depends on funding availability, as well as possible federal tax or ERISA implications. [35 ILCS 105/5.855, as enacted by 2014 S.B. 2758, effective June 1, 2015.]

BNA-IITN IL 3.3.2.2.

Idaho conforms to the federal treatment of contributions to 401(k) and other deferred compensation arrangements. [Idaho taxable income is an individual's federal taxable income with certain adjustments. Idaho Code §63-3011B. Federal taxable income means gross income, as defined in I.R.C. §61, minus allowable deductions. I.R.C. §63(a). Subsequently, Idaho will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Idaho law that states otherwise.]

BNA-IITN ID 3.3.2.3.

Illinois conforms to the federal treatment of contributions made to 401(k) plans. [35 ILCS 5/102; Ill. Dept. of Rev., Publication 120, Retirement Income.] Sums contributed to 401(k) are not part of federal adjusted gross income in the year of deferral and are not added back in determining Illinois base income subject to Illinois income taxation. [35 ILCS 5/203(a)(2)(F); Illinois General Information Letter IT 01-0064-GIL (Aug. 20, 2001).]

BNA-IITN IL 3.3.2.3.

Indiana follows federal law for taxation of contributions to and distributions from IRAs, Roth IRAs, and Roth contribution programs. [Ind. Code Ann. §6-3-1-11(b).]

BNA-IITN IN 3.3.2.2.

Indiana conforms to the federal treatment of contributions to and distributions from 401(k)s, including the deductions permitted under I.R.C. §§ 62 and 219 [Ind. Code Ann. §6-3-1-11.]

BNA-IITN IN 3.3.2.3.

Iowa permits a subtraction of the first \$6,000 (\$12,000 for married couples) in retirement plan distributions received, including IRA withdrawals, so long as the taxpayer is at least 55 years old. [Iowa Code Ann. §422.7(31); Iowa Form IA-1040, Instructions to Individual Income Tax Return - Pension/Retirement Income Exclusion.] No deduction is allowed on the Iowa individual income tax return for a contribution to a Roth IRA. [Iowa Admin. Code r. 701-40.54(422).]

The surviving spouse of a deceased taxpayer is entitled to the same subtraction even if the spouse does not qualify on their own; however, the subtraction would only be permitted against the benefits received on account of the taxpayer's death. [Iowa Code Ann. §422.7(31).]

Nonresident Retirement Income

Distribution from pension plans, annuities, individual retirement accounts, and deferred compensation plans received by a nonresident are exempt from Iowa income tax if the distributions are directly related to the taxpayer's retirement. [Iowa Admin. Code r. 701-40.45(422).]

BNA-IITN IA 3.3.2.2.

Iowa permits a subtraction of the first \$6,000 (\$12,000 for married couples) in retirement plan distributions received, including deferred compensation plans, so long as the taxpayer is at least 55 years old. [Iowa Code Ann. §422.7(31); Iowa Form IA-1040, Instructions to Individual Income Tax Return - Pension/Retirement Income Exclusion.]

The surviving spouse of a deceased taxpayer is entitled to the same subtraction even if the spouse does not qualify on their own; however, the subtraction would only be permitted against the benefits received on account of the taxpayer's death. [Iowa Code Ann. §422.7(31).]

Nonresident Retirement Income

Distribution from pension plans, annuities, individual retirement accounts, and deferred compensation plans received by a nonresident are exempt from Iowa income tax if the distributions are directly related to the taxpayer's retirement. [Iowa Admin. Code r. 701-40.45(422)]

BNA-IITN IA 3.3.2.3.

Kansas generally conforms to the federal treatment of contributions to and distributions from individual retirement plans. [Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117. See also Kan. Dept. of Rev., Kansas Private Letter Ruling P-2000-048 (Sept. 26, 2000) (Kansas follows the federal tax treatment of distributions from Individual Retirement Accounts (IRA), including Roth IRAs); Kansas Private Letter Ruling P-2016-006 (Aug. 16, 2016) (because Kansas does not have a specific modification relating to distributions of Roth IRAs, the federal treatment flows through for state income tax purposes).]

The Kansas taxable income computation begins with Kansas adjusted gross income, which is the taxpayer's federal adjusted gross income with modifications, less Kansas deductions and exemptions. If Kansas law does not explicitly state how to treat a type of income that is included in the computation of federal adjusted gross income, the federal provisions govern. [See Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.]

BNA-IITN KS 3.3.2.2.

Kansas generally conforms to the federal treatment of contributions to and distributions from 401(k) and other cash or deferred arrangement accounts. [Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.] The amount contributed by the employer pursuant to an employee's election under the I.R.C. §401(k) arrangement is not includible in the employee's gross income. [Treas. Regs. §1.401(k)-1(a)(3).] However, the exclusion cannot exceed the I.R.C. §402(g) limit for the year. [Treas. Regs. §1.401(k)-1(a)(4)(iii). See PLR 9423034 revoking PLR 9317027, which ruled that elective deferrals initially made to an unfunded nonqualified I.R.C. §401(k) plan were excluded from income.]

The Kansas taxable income computation begins with Kansas adjusted gross income, which is the taxpayer's federal adjusted gross income with modifications, less Kansas deductions and exemptions. If Kansas law does not explicitly state how to treat a type of income that is included in the computation of federal adjusted gross income, the federal provisions govern. [See Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.]

BNA-IITN KS 3.3.2.3.

Kentucky conforms to federal treatment of contributions to IRAs, including the deductions permitted under I.R.C. §62 and I.R.C. §219. [Ky. Rev. Stat. Ann. §141.010(10)(i)(3).] Kentucky excludes from taxable income the first \$41,110 of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans. [Ky. Rev. Stat. Ann. §141.010(10)(i)(2).]

BNA-IITN KY 3.3.2.2.

Kentucky conforms to federal treatment of contributions to 401(k)s, including the deductions permitted under I.R.C. §62 and I.R.C. §219. [Ky. Rev. Stat. Ann. §141.010(10)(i)(3).] Kentucky excludes from taxable income the first \$41,110 of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans. [Ky. Rev. Stat. Ann. §141.010(10)(i)(2).]

BNA-IITN KY 3.3.2.3.

In Louisiana, amounts received as distributions or benefits from individual retirement accounts are includable in Louisiana gross income. Louisiana offers an exemption for the first \$6,000 of retirement income, which includes an individual retirement arrangement. [Louisiana Form IT-540, Instructions and Worksheets for Louisiana Resident Individual Income Tax Return.]

Louisiana conforms to the federal treatment of contingent compensation agreements, including 401(k) plans. [Louisiana Form IT-540, Instructions and Worksheets for Louisiana Resident Individual Income Tax Return.]

BNA-IITN LA 3.3.2.3.

BNA-IITN LA 3.3.2.2.

Maine conforms to the federal treatment of contributions to IRAs, including the deductions permitted under I.R.C. §§ 62 and 219, and does not tax contributions to IRAs. [Me. Rev. Stat. Ann. tit. 36, §5121.]

Maine generally conforms to the federal treatment of contributions to 401(k)s, including the deductions permitted under I.R.C. §§62 and 219. [Me. Rev. Stat. Ann. tit. 36, §5121.]

Beginning on or after Jan. 1, 2014, Maine excludes up to \$10,000 of retirement benefits received, including IRA distributions, reduced by any social security and railroad retirement benefits from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1) and (M-2); Maine Form 1040ME, Resident, Nonresident or Part-Year Resident Tax Booklet.]

Beginning on or after Jan. 1, 2014, Maine excludes up to \$10,000 of retirement benefits received, including deferred compensation, reduced by any social security and railroad retirement benefits from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1) and (M-2); Maine Form 1040ME, Resident, Nonresident or Part-Year Resident Tax Booklet.]

For tax years starting on or after Jan. 1, 2016, military retirement plan benefits, whether paid to the former military member or their survivor, are exempt from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2), as amended by 2015 L.D. 1019, effective June 30, 2015.]

For tax years starting on or after Jan. 1, 2016, military retirement plan benefits, whether paid to the former military member or their survivor, are exempt from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2), as amended by 2015 L.D. 1019, effective June 30, 2015.]

BNA-IITN ME 3.3.2.2.

For tax years beginning before Jan. 1, 2014, Maine excludes from income the first \$6000 of total distributions from a 401(k). [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M), as amended by 2015 L.D. 1489, effective Oct. 15, 2015.]

BNA-IITN ME 3.3.2.3.

Maryland conforms to the federal tax treatment of contributions to and distributions from a retirement account, all of which are included in the computation of adjusted gross income in Maryland. [Md. Code Ann., Tax-Gen. §10-107; Md. Code Ann., Tax-Gen. §10-203; see also I.R.C. §408.]

BNA-IITN MD 3.3.2.2.

Maryland conforms to the federal treatment of distributions from a 401(k) account, and they are included in the computation of Maryland adjusted gross income. [Md. Code Ann., Tax-Gen. §10-107; Md. Code Ann., Tax-Gen. §10-203; see also I.R.C. §401(k).]

BNA-IITN MD 3.3.2.3.

Because Massachusetts does not allow a deduction from gross income for contributions to an IRA, the distributions from an IRA are not taxable to the extent that the contributions were previously taxed. Thus, the taxpayer does not have to include in gross income distributions received until the amount received exceeds the aggregate of all previous contributions to the IRA. [Mass. Gen. L. ch. 62, §2(a)(2)(F); Mass. Dept. of Rev., Contributions and Distributions; Mass. Dept. of Rev., Pensions – Non-Government.]

Massachusetts conforms to the federal treatment of I.R.C. § 401(k) contributions and distributions. [Mass. Gen. L. ch. 62, §2(a); Mass. Dept. of Rev., Contributions and Distributions; Mass. Dept. of Rev., Pensions – Non-Government.]

BNA-IITN MA 3.3.2.3.

Massachusetts conforms to the federal rules with respect to rollovers from a traditional IRA to a Roth IRA, which treat the rollover amount as a distribution. [Mass. Gen. L. ch. 62, §2(a)(3)(A).] However, because Massachusetts does not allow a deduction for contributions to a traditional IRA, [Mass. Gen. L. ch. 62, §2(d)(1)(F).] amounts contributed to traditional IRAs for which no Massachusetts deduction was allowed will not be subject to tax when the IRA is converted to a Roth IRA. [Mass. Gen. L. ch. 62, §2(a)(3)(A).] Only the portion of the rollover reflecting earnings and appreciation is includible in Massachusetts gross income. [Mass. Gen. L. ch. 62, §2(a)(3)(A).]

BNA-IITN MA 3.3.2.2.

Michigan generally conforms with the federal tax treatment of IRA contributions and distributions. Michigan taxable income includes amounts from individual retirement account (IRA) conversions to the extent the conversion amount is included in federal adjusted gross income. [Mich. Comp. Laws §206.30(1)(f); Mich. Comp. Laws §206.30(8).]

A Roth IRA is treated differently than a traditional IRA. Under a traditional IRA, the contributions are excluded from federal adjusted gross income but the distributions are taxed. Under a Roth IRA, the reverse occurs; the contributions are taxed, the distributions are not. [I.R.C. §408; I.R.C. §408A; Mich. Dept. of Treas., Michigan Tax Text Manual.]

Contributions to a Roth IRA are not tax exempt and are subject to the Michigan income tax to the extent the contributions are included in federal AGI. A rollover from a regular IRA to a Roth IRA is subject to Michigan income tax to the extent the rollover is included in federal AGI. However, if an individual is 59 ¹/₂ when the rollover occurs, the individual may deduct the rollover as a pension deduction within the statutory limits for deducting pension income. [I.R.C. §408; I.R.C. §408A. Mich. Comp. Laws §206.30(1)(f); Mich. Comp. Laws §206.30(8); Mich. Dept. of Treas., Michigan Tax Text Manual.]

BNA-IITN MI 3.3.2.2.

Michigan generally conforms to the federal treatment of contributions made to 401(k) plans. [I.R.C. §401(k); Mich. Comp. Laws §206.30(1)(f); Mich. Comp. Laws §206.30(8); Mich. Dept. of Treas., Michigan Tax Text Manual.] Generally, a contribution made to a deferred compensation plan is not subject to taxation until the amount is made available or distributed to an employee or participant in the plan. The distribution, including interest earned and credited to the account of an employee or participant, is considered deferred compensation and is subject to federal income tax upon the distribution. [Michigan Revenue Administrative Bulletin 1997-2 (March 17, 1997).]

Distributions from a 401(k) or 403(b) plan are qualified distributions to the extent that they are attributable to the employer's contributions or employee's contributions that were mandated by the plan. [Mich. Comp. Laws §206.30(1)(f); Mich. Comp. Laws §206.30(8); Mich. Dept. of Treas., Michigan Tax Text Manual.] An employee's contribution required by the plan to elicit an employer match is considered mandated. Amounts distributed from a 401(k) or 403(b) plan that allows the employee to set the amount of compensation to be deferred and does not prescribe retirement age or years of service do not qualify as pension benefits. [Mich. Comp. Laws §206.30(1)(f); Mich. Comp. Laws §206.30(8); Mich. Dept. of Treas., Michigan Tax Text Manual.]

BNA-IITN MI 3.3.2.3.

Minnesota does not tax any individual retirement account that is exempt from federal taxation. [Minn. Stat. §290.26(6). See also I.R.C. §408.] Contributions into an IRA, SEP, or Keogh plan are not taxed until the year of distribution. Distributions from the plans are taxable under both federal and Minnesota tax law. [See Minn. Stat. §290.01(19); I.R.C. §408(d).]

BNA-IITN MN 3.3.2.2.

Minnesota conforms to the federal treatment of contributions and distributions to I.R.C. §401(k) and other cash or deferred arrangement accounts. [Minn. Stat. §290.01(19).] The amount contributed by the employer pursuant to an employee's election under the I.R.C. §401(k) arrangement is excluded from an employee's gross income. [Treas. Regs. §1.401(k)-1(a)(3).] However, the exclusion cannot exceed the I.R.C. §402(g) limit for the year. [Treas. Regs. §1.401(k)-1(a)(4)(iii). See PLR 9423034 revoking PLR 9317027, which ruled that elective deferrals initially made to an unfunded nonqualified I.R.C. §401(k) plan were excluded from income.]

BNA-IITN MN 3.3.2.3.

Mississippi excludes from income amounts received as retirement allowances, pensions, annuities, or optional retirement allowances paid under certain programs or plans. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exclusion applies to income from the following plans:• the federal Social Security Act;

- the Railroad Retirement Act;
- the Federal Civil Service Retirement Act;
- any other retirement system of the federal government;
- the Mississippi Public Employees' Retirement System;
- the Mississippi Highway Safety Patrol Retirement System;
- any other retirement system of the State of Mississippi or its subdivisions;
- any other public or governmental retirement system; and
- any private retirement system or plan that the taxpayer was a member of during employment. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exemption from income is extended to the surviving spouse or other beneficiary on the death of the primary retiree. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs.

Mississippi excludes from income amounts received as retirement allowances, pensions, annuities, or optional retirement allowances paid under certain programs or plans. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exclusion applies to income from the following plans:• the federal Social Security Act;

- the Railroad Retirement Act;
- the Federal Civil Service Retirement Act;
- any other retirement system of the federal government;
- the Mississippi Public Employees' Retirement System;
- the Mississippi Highway Safety Patrol Retirement System;
- any other retirement system of the State of Mississippi or its subdivisions;
- any other public or governmental retirement system; and
- any private retirement system or plan that the taxpayer was a member of during employment. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exemption from income is extended to the surviving spouse or other beneficiary on the death of the primary retiree. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs.

Missouri taxes IRA distributions as defined in I.R.C. §408(a) in excess of \$6,000 annually. Missouri does not tax Roth IRA distributions. [Mo. Rev. Stat. §143.124(3).]

Missouri taxes 401(k) distributions in excess of \$6,000 annually. [Mo. Rev. Stat. §143.124(3).]

BNA-IITN MO 3.3.2.3.

BNA-IITN MO 3.3.2.2.

Montana allows an exclusion from adjusted gross income of the first \$4,070 of all pension and annuity income. IRAs are considered pension and annuity income. [Mont. Code Ann. §15-30-2110(2)(c); Mont. Code Ann. §15-30-2101]

The total amount of the exclusion must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$31,920 as shown on the taxpayer's return. [Mont. Code Ann. §15-30-2110(2)(c); Mont. Admin. R. 42.15.118.] Taxpayers with adjusted gross income larger than \$33,835 do not qualify for this exclusion. If married filing jointly and both spouses have pension income, the limit is increased to \$35,750. [Montana Form 2, Instructions for Montana Individual Income Tax Return.]

BNA-IITN MT 3.3.2.2.

Montana allows an exclusion from adjusted gross income of the first \$3,830 of all pension and annuity income; 401(k)s are considered pension and annuity income. [Mont. Code Ann. §15-30-2110(2)(c); Mont. Code Ann. §15-30-2101.]

The total amount of the exclusion must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$31,920 as shown on the taxpayer's return. [Mont. Code Ann. §15-30-2110(2)(c); Mont. Admin. R. 42.15.118.] Taxpayers with adjusted gross income larger than \$33,835 do not qualify for this exclusion. If married filing jointly and both spouses have pension income, the limit is increased to \$35,750. [Montana Form 2, Instructions for Montana Individual Income Tax Return.]

BNA-IITN MT 3.3.2.3.

Nebraska conforms to the federal treatment of contributions and distributions from IRAs. [See Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §408 (describing federal taxation of IRAs).]

BNA-IITN NE 3.3.2.2.

Nebraska conforms to the federal treatment of contributions and distributions from 401(k)s. [See Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §401 through 424.]

BNA-IITN NE 3.3.2.3.

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.2.2.

Interest and dividends from IRAs are exempt from taxation in New Hampshire. [N.H. Rev. Stat. Ann. §77:4-b.]

BNA-IITN NH 3.3.2.2.

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.2.3.

In New Hampshire, interest from tax-deferred investment plans is exempt from taxation. [N.H. Rev. Stat. Ann. §77:4-b.]

BNA-IITN NH 3.3.2.3.

New Jersey conforms to the federal tax treatment of Roth IRAs, which are subject to tax in the manner provided pursuant to I.R.C. §408. [New Jersey Technical Bulletin TB-44(R).] Contributions to a traditional IRA are subject to New Jersey income tax and distributions or withdrawals from an IRA are taxable only to the extent that the distribution represents dividends, interest, and other earnings or tax-free rollovers. [N.J. Div. of Taxn., New Jersey Bulletin GIT-2.]

New Jersey exempts retirement income received by taxpayers who are over age 62 and make less than \$100,000 per year in the following amounts: • For tax years 2003 to 2016, up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer.

- For tax year 2017, up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer.

- For tax year 2018, up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer.

- For tax year 2019, up to \$80,000 for a married couple filing jointly, \$40,000 for a married person filing separately, or \$60,000 for an individual filing as a single taxpayer.

- For tax years 2020 and later, up to \$100,000 for a married couple filing jointly, \$50,000 for a married person filing separately, or \$75,000 for an individual filing as a single taxpayer. [N.J. Rev. Stat. §54A:6-10(b)(1), as amended by 2016 A.B. 12, effective Oct. 14, 2016; New Jersey Form NJ-1040, Instructions to New Jersey Resident Return.]

New Jersey allows taxpayers to exempt from gross income, amounts contributed by an employer on behalf of an employee that qualify as deferred arrangement pursuant to I.R.C. §401(k). [N.J. Rev. Stat. §54A:6-21; N.J. Admin. Code tit. 18, §35-2.5(a).]

New Jersey amended its law in 1984 conforming to the federal treatment of the taxability of distributions from 401(k) plans. If distributions are made to a taxpayer whose contributions were made on or after Jan. 1, 1984 the distributions are fully taxable. If the contributions were made before Jan. 1, 1984 the taxpayer must calculate the taxable portion of their distributions from the plan using one of the methods set forth in the instructions for a New Jersey tax return. [New Jersey Form NJ-1040, Instructions for New Jersey Income Tax - Resident Return; New Jersey Bulletin GIT-1 (provides guidance on New Jersey taxation of pensions and annuities).]

BNA-IITN NJ 3.3.2.3.

Distributions from an individual retirement account must be included in the calculation of New Mexico adjusted gross income. [N.M. Stat. Ann. §7-2-2(L)(11); In re the Protest of Lonyta Viklund and David Galloway to the Denial of Refund Issued Under Letter ID L2117258880, L0566983040, L0135635840, L1641700480 (Claim for Refund Inaction), No. 10-4 (N.M. Taxn. and Rev. Dept. March 23, 2010); In re the Protest of Margaret Palumbo to the Assessment of Penalty and Interest Issued Under Letter ID L0771213568 & L0312936704, No. 07-04 (N.M. Taxn. and Rev. Dept. April 12, 2007) (finding that taxpayer was correctly assessed penalty an interest on the amount of tax owed due to her failure to income distributions received from an individual retirement account in the calculation of taxable income).]

BNA-IITN NM 3.3.2.2.

In New Mexico, income from 401(k) or other retirement accounts must be included in the computation of gross income. [N.M. Stat. Ann. §7-2-2(L)(11); In re the Protest of Lonyta Viklund and David Galloway to the Denial of Refund Issued Under Letter ID L2117258880, L0566983040, L0135635840, L1641700480 (Claim for Refund Inaction), No. 10-4 (N.M. Taxn. and Rev. Dept., March 23, 2010).]

BNA-IITN NM 3.3.2.3.

New York conforms to the federal treatment of IRA contributions. [N.Y. Tax Law §612.] The first \$20,000 of income received by an individual who is at least 59¹/₂ years of age is subtracted from federal adjusted gross income to determine New York adjusted gross income. [N.Y. Tax Law §612(c)(3-a); N.Y. Comp. Codes R. & Regs. tit. 20, §112.3(c)(2); see also New York TSB-A-03(4)I (distributions received from IRA established by means of rollover of tax exempt pension funds were exempt from New York personal income tax); New York TSB-A-15(2)I (March 23, 2015) (explains that distributions from a non-Roth qualified IRA, are not excluded from federal gross income for the purpose of computing New York taxable income. However, a taxpayer can exclude up to \$20,000 of IRA distributions from federal taxable income for the purpose of determining New York taxable income); New York TSB-A-15(6)I (July 15, 2015) (distributions to retired federal employee from federal Thrift Savings Plan account that are attributable to the rollover IRA established while the retiree was employed in the private sector are not eligible for an exclusion under N.Y. Tax Law §612(c)(3)(ii), but may be eligible for an exclusion, not in excess of \$20,000 under N.Y. Tax Law §612(c)(3-a) if all the requirements of that section are met).]

Roth IRAs

New York conforms in all respects to the federal income tax treatment of Roth IRAs. [New York TSB-M-98(7)I.] As a result, for New York tax purposes contributions to a Roth IRA are not deductible, while income earned in a Roth IRA account is tax-deferred while held in the account. Income distributed from a Roth IRA is exempt from tax if it is exempt from federal income tax. If a Roth IRA distribution is subject to federal tax because it was not a qualified distribution, it also is subject to state and city taxes. [New York TSB-M-98(7)I.]

Because New York City taxable income for an individual taxpayer is the same as its New York State taxable income, New York City has the same treatment of IRAs as New York State. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). Compare N.Y. City Admin. Code §11-1712(c)(3-a) with N.Y. Tax Law §612(c)(3-a).]

BNA-IITN NYC 3.3.2.2.

New York conforms to the federal treatment of 401(k) contributions. The first \$20,000 of income received by an individual who is at least 59¹/₂ years of age is subtracted from federal adjusted gross income to determine New York adjusted gross income. [N.Y. Tax Law §612(c)(3-a); see New York TSB-M-84(7)I.]

BNA-IITN NY 3.3.2.3.

Because New York City taxable income for an individual taxpayer is the same as its New York State taxable income, New York City has the same treatment of 401(k)s as New York State. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). Compare N.Y. City Admin. Code §11-1712(c)(3-a) with N.Y. Tax Law §612(c)(3-a).]

BNA-IITN NYC 3.3.2.3.

North Carolina generally conforms to the federal treatment of individual retirement account (IRA) contributions and distributions. [N.C. Gen. Stat. §105-153.5.]

North Carolina taxable income is a taxpayer's federal adjusted gross income with North Carolina modifications. Subsequently, North Carolina implicitly follows the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under North Carolina law that states otherwise.

To the extent benefits are received under the provisions of the Railroad Retirement Act of 1937 or Title II of the Social Security Act and are includable in federal adjusted gross income, North Carolina allows a deduction and does not require the inclusion of such funds when determining North Carolina taxable income. [N.C. Gen. Stat. §105-134.6(b)(3), as repealed by 2013 H.B. 998, effective Jan. 1, 2014 and re-enacted as N.C. Gen. Stat. §105-153.5(b)(3), effective Jan. 1, 2014.]

BNA-IITN NC 3.3.2.2.

North Carolina generally conforms to the federal treatment of contributions and distributions made pursuant to I.R.C. §401(k). [N.C. Gen. Stat. §105-153.5.]

North Carolina's tax base starts with federal adjusted gross income and follows the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under North Carolina law that states otherwise.

If the participant of a North Carolina Supplemental Retirement Income Plan (I.R.C. §401(k)) contributed or pledged to contribute to a plan before Aug. 12, 1989, all future distributions are not included in the North Carolina tax base. [North Carolina Individual Income Tax Directive PD-99-1 (March 4, 1999).]

BNA-IITN NC 3.3.2.3.

North Dakota conforms to the federal treatment of IRA contributions pursuant to I.R.C. §408. [N.D. Cent. Code §57-38-30.3; N.D. Admin. Code §81-03-01.1-02.]

BNA-IITN ND 3.3.2.2.

North Dakota conforms to the federal treatment of 401(k) plans. [N.D. Cent. Code §57-38-30.3; N.D. Admin. Code §81-03-01.1-02.]

BNA-IITN ND 3.3.2.3.

Ohio conforms to the federal tax treatment of contributions to an IRA pursuant to I.R.C. §219 and withdrawals pursuant to I.R.C. §408. [Ohio Rev. Code Ann. §5747.01(A).]

BNA-IITN OH 3.3.2.2.

Ohio conforms to the federal tax treatment of contributions and deductions to a 401(k) plan as well as a Keogh plan pursuant to I.R.C. §401. [Ohio Rev. Code Ann. §5747.01(A).]

Taxpayers may be eligible for the Ohio retirement income credit or lump sum retirement income credit. [Ohio Rev. Code Ann. §5747.055, as amended by 2015 H.B. 64, effective Sept. 29, 2015.]

BNA-IITN OH 3.3.2.3.

Oklahoma will exempt distributions from IRAs [Okla. Stat. Ann. tit. 68, §2358(E)(14)(c)(3).] up to \$10,000 for taxpayers over 65 years old. Because Oklahoma follows federal taxable income, IRA contributions will not be taxable as Oklahoma law does not require IRA contributions to be added back to Oklahoma income. [Okla. Stat. Ann. tit. 68, §2358.]

For tax years beginning before Jan. 1, 2010, taxpayers had to meet income thresholds to claim the exclusion. For example, for tax years 2005 and 2006, taxpayers who meet the income threshold of \$37,500 for individuals filing as single, married filing separately, or head of household or \$75,000 for married filing joint and qualifying widows could claim the exclusion. [Okla. Admin. Code §710:50-15-49(d)(2) and (6).]

BNA-IITN OK 3.3.2.2.

Oklahoma will exempt distributions from a plan that meets the criteria of I.R.C. §401 [Okla. Stat. Ann. tit. 68, §2358(E)(14)(c)(1).] up to \$10,000 for taxpayers over 65 years old. Because Oklahoma follows federal taxable income, 401(k) contributions will not be taxable as Oklahoma law does not require 401(k) contributions to be added back to Oklahoma income. [Okla. Stat. Ann. tit. 68, §2358.]

For tax years beginning before Jan. 1, 2010, taxpayers had to meet income thresholds to claim the exclusion. For example, for tax years 2005 and 2006, taxpayers who meet the income threshold of \$37,500 for individuals filing as single, married filing separately, or head of household or \$75,000 for married filing joint and qualifying widows could claim the exclusion. [Okla. Admin. Code §710:50-15-49(d)(2) and (6).]

BNA-IITN OK 3.3.2.3.

Oregon follows the federal treatment of income from IRAs. [Or. Rev. Stat. §316.048.]

BNA-IITN OR 3.3.2.2.

Oregon follows the federal treatment of 401(k) income. [Or. Rev. Stat. §316.048.]

Taxpayers may be eligible for the Oregon retirement income credit. [Or. Rev. Stat. §316.157, as amended by 2016 H.B. 4025, effective June 2, 2016.]

BNA-IITN OR 3.3.2.3.

Under Pennsylvania law, employer contributions to Individual Retirement plans (IRA) are excludable from the employee's compensation income, but employee contributions are not excluded. [61 Pa. Code §101.6(c)(8)(ii); Pennsylvania Rev-636 (provides guidance on state taxation of individual retirement accounts).] Distributions from an employer-sponsored IRA are not taxed if made on or after the later of the date the former employee attained age 59^{1/2}, and the date on which the former employee separated from the service of the employer. [Pennsylvania Personal Income Tax Bulletin No. PIT 2008-1.]

BNA-IITN PA 3.3.2.2.

Elective contributions made by an employee to a 401(k) plan are not excludable from an employee's compensation in Pennsylvania. However, contributions to a plan made by employers or labor unions on behalf of an employee are excludable from the employee's income. [61 Pa. Code §101.6(c)(8)(ii).] Amounts distributed to an individual from a plan are included in income to the extent that contributions were not previously included in income. However, amounts are not included in income for distributions made upon retirement after reaching a specific age or stated period of employment, and for distributions that are transferred into another plan, where the transferred amounts are not included in income for federal income tax purposes. [61 Pa. Code §101.6(c)(8)(iii).]

BNA-IITN PA 3.3.2.3.

Rhode Island conforms to the federal treatment of IRA contributions and distributions. [R.I. Gen. Laws §§ 44-30-12(b) and (c); see also I.R.C. §408.]

Rhode Island taxable income is a federal adjusted gross income with Rhode Island modifications. Subsequently, Rhode Island implicitly follows the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Rhode Island law that states otherwise. [R.I. Gen. Laws §§ 44-30-12(b) and (c); see also I.R.C. §408.]

BNA-IITN RI 3.3.2.2.

Rhode Island conforms to the federal treatment of 401(k) contributions. [R.I. Gen. Laws §44-30-12(a); see also I.R.C. §401(k).]

BNA-IITN RI 3.3.2.3.

An individual taxpayer who is the original owner of a qualified retirement account is allowed an annual deduction from South Carolina taxable income of not more than \$3,000 of retirement income received. Beginning in the year in which the taxpayer reaches age 65, the taxpayer may deduct not more than \$10,000 of retirement income that is included in South Carolina taxable income. [S.C. Code Ann. §12-6-1170(A)(1).]

Retirement income means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from qualified retirement plans which include those plans defined in I.R.C. § 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement. [S.C. Code Ann. §12-6-1170(A)(2).]

South Carolina law does not exclude from taxation a taxpayer's individual retirement account (IRA) distribution which includes interest earned by the trust from its investment in U.S. government obligations. [See South Carolina Technical Advice Memorandum No. TAM 89-23 (Aug. 23, 1989).]

Taxpayer IRA distributions are governed by I.R.C. §408(d), which specifically states that "all amounts paid or distributed out of an IRA shall be included in gross income" There is no reference to I.R.C. §103(a) and, as a result, S.C. Code Ann. §12-7-430(b)(1) is not applicable. Thus, the source of the distribution is irrelevant. In accordance with I.R.C. §408(d), the taxpayer's IRA distribution shall be included in the computation of gross income. [South Carolina Technical Advice Memorandum No. TAM 89-23 (Aug. 23, 1989).]

BNA-IITN SC 3.3.2.2.

Nevada does not impose an individual income tax.

BNA-IITN SD 3.3.2.2.

In Tennessee, earnings or distributions from traditional IRAs and Roth IRAs not subject to federal income tax are not taxable. [See Tenn. Code Ann. §67-2-104(e)(15); Tenn. Dept. of Rev., Guidance For Tennessee's Individual Income Tax Return.]

Tennessee individual income tax does not conform to the Internal Revenue Code. The Tennessee income tax only taxes certain income from interest and dividends. [Tenn. Code Ann. §67-2-102.]

BNA-IITN TN 3.3.2.2.

Texas does not impose an individual income tax.

BNA-IITN TX 3.3.2.2.

An individual taxpayer who is the original owner of a qualified retirement account is allowed an annual deduction from South Carolina taxable income of not more than \$3,000 of retirement income received. Beginning in the year in which the taxpayer reaches age 65, the taxpayer may deduct not more than \$10,000 of retirement income that is included in South Carolina taxable income. [S.C. Code Ann. §12-6-1170(A)(1).]

Retirement income means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from qualified retirement plans which include those plans defined in I.R.C. § 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement. [S.C. Code Ann. §12-6-1170(A)(2).]

BNA-IITN SC 3.3.2.3.

Nevada does not impose an individual income tax.

BNA-IITN SD 3.3.2.3.

Tennessee does not tax contributions to, or distributions from, 401(k) plans. [See Tenn. Code Ann. §67-2-104(e)(9); Tenn. Dept. of Rev., Guidance For Tennessee's Individual Income Tax Return.]

Tennessee individual income tax does not conform to the Internal Revenue Code. The Tennessee income tax only taxes certain income from interest and dividends. [Tenn. Code Ann. §67-2-102.]

BNA-IITN TN 3.3.2.3.

Texas does not impose an individual income tax.

BNA-IITN TX 3.3.2.3.

Utah conforms to the federal treatment of contributions to and distributions from IRAs under I.R.C. §408. [Utah Code Ann. §59-10-103(1)(a); Utah Code Ann. §59-10-103(1)(w). See also I.R.C. §408.]

Income distributed from IRAs qualifies for the Utah Retirement Tax Credit, which provides a nonrefundable credit for eligible retirement income received by the taxpayer. [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(II). See also Section 3.6.3.]

BNA-IITN UT 3.3.2.2.

Utah conforms to the federal treatment of contributions to and distributions from deferred compensation plans under I.R.C. §401(k). [Utah Code Ann. §59-10-103(1)(a); Utah Code Ann. §59-10-103(1)(w). See also I.R.C. §401(k).]

Income disbursed from 401(k) plans does not qualify for the Utah Retirement Tax Credit, which provides a nonrefundable tax credit that can be applied to qualifying income. [Utah Code Ann. §59-10-1019(1)(b). See also Utah Tax Comn., Instructions for Form TC-40, Individual Income Tax Return; Utah Tax Comn., Retirement Income Exemption/Deduction; Section 3.6.3.]

BNA-IITN UT 3.3.2.3.

Vermont uses federal taxable income as its starting point for calculating Vermont taxable income and, therefore, generally follows the federal treatment of IRAs. [Vt. Stat. Ann. tit. 32, §5824.]

However, Vermont tax is increased by 24 percent of the taxpayer's combined federal tax liability for the tax year for any additional tax on IRAs. [Vt. Stat. Ann. tit. 32, §5822(c)(1)(A). Under I.R.C. §219(b)(1), an individual who is not an active participant in certain employer-sponsored retirement plans (and whose spouse is not an active participant) can deduct, for the tax year (subject to certain limits), cash contributions to an IRA for that year. To be eligible, the taxpayer must fall below specified income limits. See I.R.C. §219(g)(3)(B).]

BNA-IITN VT 3.3.2.2.

Vermont uses federal taxable income as its starting point for calculating Vermont taxable income and, therefore, generally follows the federal treatment for 401(k) plans. [Vt. Stat. Ann. tit. 32, §5824.]

Federal rules for deferred arrangements, such as 401(k) plans, allow employees to invest pre-tax income and defer paying tax on the income until it is withdrawn from the retirement fund. Similarly, self-employed individuals may set up qualified retirement plans, such as Keogh plans. Income earned on their contributions is not taxed until it is withdrawn from the retirement fund. [See I.R.C. §401; 402; 404; 415.]

BNA-IITN VT 3.3.2.3.

Distributions from an IRA are excluded from Virginia taxable income to the extent federally-deductible contributions were taxed by another state. [Va. Code Ann. §58.1-322(C)(19).]

BNA-IITN VA 3.3.2.2.

Distributions from a qualified plan are excluded from Virginia taxable income to the extent federally-deductible contributions were taxed by another state. [Va. Code Ann. §58.1-322(C)(19).]

BNA-IITN VA 3.3.2.3.

Washington does not impose an individual income tax.

BNA-IITN WA 3.3.2.2.

Washington does not impose an individual income tax.

BNA-IITN WA 3.3.2.3.

West Virginia conforms to federal taxation of contributions to and distributions from IRAs under I.R.C. §§ 219, 408 and 408A. [W. Va. Code §11-21-9(a), as amended by 2013 H.B. 2516, effective April 12, 2013, updating West Virginia's conformity with the Internal Revenue Code; W. Va. Code §11-21-12(a).]

BNA-IITN WV 3.3.2.2.

West Virginia conforms to federal taxation of contributions to, and distributions from, 401(k) plans. [W. Va. Code §11-21-9(a), as amended by 2013 H.B. 2516, effective April 12, 2013, updating West Virginia's conformity with the Internal Revenue Code; W. Va. Code §11-21-12(a).]

BNA-IITN WV 3.3.2.3.

Contributions to individual retirement accounts that were deducted for federal income tax purposes must be added to determine Wisconsin adjusted gross income. [Wis. Stat. §71.05(6)(a)(12).] An exemption is permitted for distributions from qualified retirement plans or individual retirement accounts. [Wis. Stat. §71.05(1)(ae). See also I.R.C. §401(a) (qualified retirement plans); I.R.C. §408 (individual retirement accounts); Wisconsin Publication 126; Wisconsin Publication 106.]

The maximum amount of the exemption is \$5,000 and is available if the following conditions are met: • the taxpayer is at least 65 years of age before the close of the taxable year that the exemption is claimed;

- if the taxpayer files as Single or Head of Household, his or her federal adjusted gross income during the taxable year the exemption is claimed is less than \$15,000;

- if the taxpayer files as Married Filing Jointly, his or her federal adjusted gross income during the taxable year the exemption is claimed is less than \$30,000; and

- if the taxpayer files as Married Filing Separately, the sum of both spouses' federal adjusted gross income during the taxable year the exemption is claimed is less than \$30,000. [Wis. Stat. §71.05(1)(ae); Wisconsin Publication 126.]

Each spouse may take the full exemption if both spouses qualify and have taxable income from a qualified plan or IRA. If those conditions are met, the married taxpayers may take a combined \$10,000 exemption. [Wisconsin Publication 126.]

Distributions from certain plans that invest in U.S. government securities are exempt in proportion to the amount of the distribution attributable to the interest

Wisconsin residents must include distributions from annuity, pension, profit-sharing or stock bonus plans, including self-employed retirement plan distributions, and distributions from qualified deferred compensation under the Internal Revenue Code. [Wis. Stat. §71.05(6)(a)(12); Wis. Admin. Code Tax §3.085(2). See also I.R.C. §401(k); 403(b); 457.] These distributions are included for residents even if attributable to personal services performed outside of Wisconsin. Distributions received by nonresidents are exempt from Wisconsin income tax even if attributable to personal services performed within Wisconsin. [Wis. Admin. Code Tax §3.085(1).]

Distributions from certain plans that invest in U.S. government securities are exempt in proportion to the amount of the distribution attributable to the interest earned on the government security for the taxable period. [Wisconsin Publication 126.]

BNA-IITN WI 3.3.2.3.

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.2.2.

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.2.3.

Annuities

Alabama excludes from gross income amounts received under life insurance, endowment, or annuity contracts in accordance with federal law. [Ala. Code §40-18-14(3)(b); Ala. Admin. Code r. 810-3-14-.02(1)(b); see also I.R.C. §72.]

Generally, pension and annuities allowances are included in the computation of gross income to the extent of the taxpayer's investment in the plan. [Ala. Admin. Code r. 810-3-14-.01(11); Alabama Form 40, Instructions and Worksheets for Alabama Individual Income Tax Return.] However, Alabama does allow taxpayers to exclude certain annuities for the calculation of adjusted gross income.

Retirement allowances, pensions, and annuities approved by either the Board of Control of the Teachers' Retirement System of Alabama, or the Board of Control of the Employees' Retirement System of Alabama, are exempt from Alabama income tax. [Ala. Code §40-18-19(a)(1)-(2); Ala. Admin. Code r. 810-3-14-.01(1)(a).]

The first \$8,000 of any pensions and annuities received by a peace officer or firefighter is exempt from Alabama income tax. [Ala. Code §40-18-19(a)(3)-(4); Ala. Admin. Code r. 810-3-14-.01(1)(f)-(g).]

The U.S. Retirement System for the U.S. Government Civil Service Retirement and Disability Fund grants pensions and annuities to individuals. These include the Tennessee Valley Authority's pension system, the United States Foreign Service retirement and disability fund and any other United States government retirement and disability fund. Such income is not taxed in Alabama. [Ala. Code §40-18-19(a)(5); Ala. Admin. Code r. 810-3-19-.01(1)(b).]

Retirement annuities paid under the provisions of the Federal Railroad Retirement Act of 1935, 1937, and 1974 are exempt from taxes in Alabama. [Ala. Admin. Code r. 810-3-

BNA-IITN AK 3.3.2.4.

Social Security

Federal social security benefits are exempt from Alabama income tax. [Ala. Admin. Code r. 810-3-19-.01(1)(c).]

BNA-IITN AL 3.3.2.5.

Alaska does not impose an individual income tax.

BNA-IITN AK 3.3.2.5.

Arizona generally conforms to the federal treatment of annuity distributions. [See Ariz. Rev. Stat. Ann. §43-102. See Ariz. Rev. Stat. Ann. §43-1021; Ariz. Rev. Stat. Ann. §43-1022.] Distributions of up to \$2,500 per year from certain U.S., state and local annuities are exempt from Arizona income tax. [Ariz. Rev. Stat. Ann. §43-1022(2).]

For purposes of computing Arizona gross income, there is a subtraction for the amount of social security benefits included in federal gross income under I.R.C. §86. [Ariz. Rev. Stat. Ann. §43-1022(12), as amended by 2014 S.B. 1301, effective July 24, 2014, renumbering the statute; Ariz. Admin. Code 15-2C-305.]

However, until July 24, 2014, if the first annuity payment was received before 1979, a taxpayer needed to add to Arizona gross income an annuity payment to the extent that the sum of annuity payments the taxpayer received in the current and prior taxable years exceeded the taxpayer's cost of the annuity. [See former Ariz. Rev. Stat. Ann. §43-1021(4), as repealed by 2014 S.B. 1301, effective July 24, 2014; See former Ariz. Admin. Code 15-2C-204(C), expired March 27, 2015.] In addition, until July 24, 2014, the taxpayer could subtract annuity income included in federal adjusted gross income under I.R.C. §72 from Arizona gross income, if the first payment with respect to such an annuity was received before Dec. 31, 1978. [See former Ariz. Rev. Stat. Ann. §43-1022(8), as repealed by 2014 S.B. 1301, effective July 24, 2014.]

BNA-IITN AZ 3.3.2.4.

BNA-IITN AZ 3.3.2.5.

The first \$6,000 of retirement benefits received, including annuity payments, from public or private employment-related retirement systems, plans, or programs, regardless of the method of funding, is exempt from Arkansas state income tax. [Ark. Code Ann. §26-51-307(a).]

Arkansas has adopted I.R.C. §72 as the sole method regarding the deduction of contributions. [Ark. Code Ann. §26-51-307(c); Ark. Code Ann. §26-51-404(b)(24)(B).]

Arkansas conforms to I.R.C. §72, 219, 402-404, 406-416, and 457, as in effect on Jan. 1, 2015, regarding annuities, retirement savings, and employee benefit plans, effective for tax years beginning on and after Jan. 1, 2014. [Ark. Code Ann. §26-51-414(a). 2011 S.B. 364, enacted Mar. 30, 2011, revised the conformity date from Jan. 1, 2009, to Jan. 1, 2011; 2015 H.B. 1427, enacted March 20, 2015, but applicable to tax years beginning on or after Jan. 1, 2014.]

BNA-IITN AR 3.3.2.4.

Social security benefits, including pensions or annuities received under the Social Security Act or the Railroad Retirement Act, are excluded from gross income. In addition to this, a taxpayer can take a subtraction against income for the amount of social security benefits received in any given taxable year. [Ark. Code Ann. §26-51-404(b)(6)(B); Ark. Regs. 1.26-51-404(b)(7).]

BNA-IITN AR 3.3.2.5.

California generally follows federal treatment of income from annuities, with certain exceptions. [California FTB Tax Publication 1005. Cal. Rev. & Tax. Code §17085.]

The provisions of I.R.C. §72, relating to annuities and certain proceeds of life insurance contracts, are modified as follows: [Cal. Rev. & Tax. Code §17085.] • The amount of a distribution from an individual retirement account or annuity (an IRA), an employee's trust, or an employee annuity that is includable in gross income for federal purposes is to be reduced by the lesser of an amount equal to the amount includable in federal gross income for the taxable year, or an amount equal to the basis in the IRA, trust, or annuity allowed by Cal. Rev. & Tax. Code §17504; 17506; 17507 remaining after adjustment for reductions in gross income in prior taxable years. [Cal. Rev. & Tax. Code §17085(b).]

- The California penalty imposed under I.R.C. §72(m), (q), (t), and (v) with respect to certain distributions is 2.5 percent of the distribution taxable for California purposes. [Cal. Rev. & Tax. Code §17085(c). See In re Dunne, No. 166621 (Cal. State Bd. of Equal. March 4, 2003) (imposing the penalty for an early withdrawal from his retirement plan). See also In re Hart, No. 287725 (Cal. State Bd. of Equal. Sept. 1, 2005) (board imposed a 2.5 percent tax on the premature distribution of taxpayer's pension); In re Jester, No. 268505 (Cal. State Bd. of Equal. March 7, 2006) (pension income was properly subjected to the 2.5 percent premature distribution tax in addition to the other taxes already paid).]

- The provisions of I.R.C. §72(f)(2), relating to special rules for computing employees' contributions, apply without the exceptions that immediately follow that paragraph. [Cal. Rev. & Tax. Code §17085(d).]

- The 1986 repeal of I.R.C. §72(d), relating to employee contributions recoverable in three years, applies only to any

Social security and railroad retirement benefits are specifically excluded from gross income under California law. [Cal. Rev. & Tax. Code §17087; California Tax Publication 1005.]

Foreign social security payments are included in gross income; tax treaties that exclude foreign social security payments from federal income do not exclude such payments from California income. [California Tax Publication 1005. See Appeal of Maters, No. 90047 (Cal. State Bd. of Equal. July 10, 2001) (taxpayers' Dutch social security payments are subject to California income tax).]

The provisions of I.R.C. §86, relating to Social Security and Tier 1 Railroad Retirement Benefits, I.R.C. §72, relating to Tier 2 Railroad Retirement Benefits, and I.R.C. §105(h), relating to sick pay under the Railroad Unemployment Insurance Act, do not apply. [Cal. Rev. & Tax. Code §17087; In re Newton, No. 424090 (Cal. State Bd. of Equal. Nov. 13, 2008) (the taxpayers could only deduct for California purposes the taxable portion of social security benefits they claimed as income on their federal return).] Thus, all such benefits and sick pay are exempt from California taxation.

BNA-IITN CA 3.3.2.5.

Colorado allows a subtraction for some or all of a taxpayer's pension and annuity income. [Colo. Rev. Stat. §39-22-104(4)(f); Colorado FYI 25.]

To claim a subtraction for a taxpayer's pension and annuities income, the taxpayer must either: • be 55 years old at the time the annuity or pension was received; or

- have received the pension or annuity as the beneficiary of a death benefit. [Colorado FYI 25.]

Amounts received from a fully matured, privately purchased (non-employment related) annuity are eligible for the pension and annuity subtraction. [Colo. Rev. Stat. §39-22-104(4)(f); Colorado FYI Income 25.]

Beginning in 2016 and beyond, to claim the subtraction, taxpayers must enter the appropriate amounts on Subtractions from Income Schedule (Form DR 0104AD). For all years before 2016, taxpayers claim the subtraction on Colorado Individual Income Tax Return (Form 104). [Colorado FYI 25.]

Distributions from a qualified pension or annuity plan that are rolled over to another qualified pension or annuity plan are generally not available for a subtraction. [Colorado FYI 25.]

BNA-IITN CO 3.3.2.4.

The portion of Social Security benefits that are taxable for federal purposes are qualify for Colorado's subtraction for pension or annuity income. A \$20,000 subtraction is available to taxpayers who are at least age 55 and a \$24,000 subtraction is available to taxpayers who are age 65 or older. [Colo. Rev. Stat. §39-22-104(4)(f); Colorado FYI Income 25.]

BNA-IITN CO 3.3.2.5.

Connecticut includes annuities paid out to residents as ordinary income and offers voluntary withholding on amounts received. [Conn. Gen. Stat. §12-701; Conn. Agencies Regs. §12-705(b)-3; Connecticut Form CT-W4P, Withholding Certificate for Pension or Annuity Payments.]

BNA-IITN CT 3.3.2.4.

Connecticut taxable income does not include the amount of federally included benefits under current law which exceed the amount which would have been recognized prior to the 1993 OBRA amendment of I.R.C. §86. [Conn. Gen. Stat. §12-701(a)(20)(B)(x); Conn. Agencies Regs. §12-701(a)(20)-3(a)(10).] Generally, this means that there will be no Connecticut income from social security benefits paid to individual (or separate) filers making less than \$50,000 per year or joint (or head of household) filers making less than \$60,000 per year. [Connecticut Announcement AN 2010(7) (Dec. 30, 2010).]

BNA-IITN CT 3.3.2.5.

Delaware conforms to the federal treatment of annuities. [Delaware taxable income is a taxpayer's federal adjusted gross income with Delaware modifications and less Delaware deductions and personal exemptions. Del. Code Ann. tit. 30, §1105. Subsequently, Delaware will implicitly follow the federal treatment of certain items of income, deductions, and credits, unless there is a specific provision under Delaware law that states otherwise.] Taxpayers can take a subtraction from income for social security benefits paid by the United States and all payments received under the Railroad Retirement Act to the extent included in federal adjusted gross income. [Del. Code Ann. tit. 30, §1106(b)(4).]

BNA-IITN DE 3.3.2.5.

Under federal law, gross income includes any amount received as an annuity (whether for a period certain or during one or more lives) under an annuity, endowment, or life insurance contract. [See I.R.C. §72(a).]

BNA-IITN DE 3.3.2.4.

The District conforms to federal treatment of annuities under I.R.C. §72, which generally includes in income both contributions and distributions, but allows an exclusion on distributions equivalent to investment in the contract. [D.C. Code Ann. §47-1803.02.]

The District does not tax Social Security and Tier 1 railroad retirement benefits subject to taxation under I.R.C. §86. [D.C. Code Ann. §47-1803.02(a)(2)(L) .]

BNA-IITN DC 3.3.2.5.

Prior to Jan. 1, 2015 , the District excluded up to \$3,000 of pension received by individuals who are 62 years or older from the District or the federal government. [D.C. Code Ann. §47-1803.02(a)(2)(N).]

BNA-IITN DC 3.3.2.4.

Florida does not impose an individual income tax.

Florida does not impose an individual income tax.

BNA-IITN FL 3.3.2.4.

BNA-IITN FL 3.3.2.5.

Taxpayers that are at least 62 years old or permanently and totally disabled are entitled to the Georgia retirement income exclusion which includes, but is not limited to, annuity income received. [Ga. Code Ann. § 48-7-27(a)(5)(A).]

Social Security benefits are excluded from Georgia taxable income and are subtracted from federal adjusted gross income to the extent that they are included in federal taxable income. [Ga. Code Ann. §48-7-27(a)(7).]

BNA-IITN GA 3.3.2.5.

If a taxpayer is at least 62 years old but less than 65 years old or is permanently and totally disabled, the retirement income exclusion is up to \$35,000 of retirement income. If a taxpayer is at least 65 years of age, the retirement income exclusion is up to \$65,000. [Ga. Code Ann. § 48-7-27(a)(5)(A).]

In calculating Georgia taxable income, amounts consisting of lump-sum distributions from an annuity, pension plan, or similar source must be added to Georgia taxable income if removed from federal adjusted gross income for the purposes of special federal tax computations or treatment. [Ga. Code Ann. §48-7-27(b)(1)(C).]

BNA-IITN GA 3.3.2.4.

Hawaii generally conforms to the federal treatment of annuities. [Haw. Rev. Stat. §235-2.3; Haw. Regs. §18-235-7-03.] For a privately purchased annuity, the portion of the taxpayer's cost included in each distribution may be excluded. [Hawaii Form N-11, Schedule J, Supplemental Annuities Schedule.]

Hawaii exempts qualified distributions from an employer-funded pension plan from Hawaii income tax. Pension includes an annuity plan, as the term is defined in I.R.C. §§ 401 (with respect to qualified pension, profit sharing, and stock bonus plans) and 403 (with respect to taxation of employee annuities). For a distribution to be qualifying, it must be paid by a retirement plan by reason of retirement, disability, or death. [Haw. Rev. Stat. §235-7(a)(3); Haw. Regs. §18-235-7-03.]

BNA-IITN HI 3.3.2.4.

Hawaii does not tax Social Security benefits or first tier Railroad Retirement Act benefits and generally conforms to the federal treatment of Social Security benefits. [Haw. Rev. Stat. §235-2.3(b)(3); Haw. Rev. Stat. §235-7(a)(3); Haw. Regs. §18-235-7-03; and Haw. Dept. of Rev., Instructions to Hawaii Individual Income Tax Form.]

BNA-IITN HI 3.3.2.5.

Idaho generally conforms to the federal tax treatment of annuities. [Idaho Code §63-3011B.]

An individual who is either 65 years old, or a 62 year old classified disabled can deduct from taxable income retirement annuities paid by the United States of America to a retired civil service employee or the unremarried widow or widower of a retired civil service employee. [Idaho Code §63-3022A(1).]

BNA-IITN ID 3.3.2.4.

Under Idaho law, an individual may deduct from taxable income the amount of social security and certain railroad retirement benefits included in federal gross income pursuant to I.R.C. §86. [Idaho Code §63-3022(l); Idaho Regs. §35.01.01.121.04(a).] The term social security benefits include United States social security benefits and Canadian social security pensions received by a United States resident that are treated as United States social security benefits for United States income tax purposes. [Idaho Code §63-3022(l); Idaho Regs. §35.01.01.121.04(a).]

BNA-IITN ID 3.3.2.5.

Amounts received by the taxpayer as an acceleration in the payment of life, endowment or annuity benefits in advance of the time they would otherwise be payable as an indemnity for a terminal illness are excluded from base income for purposes of computing Illinois income tax. [35 ILCS 5/203(a)(2)(Q).]

BNA-IITN IL 3.3.2.4.

For purposes of computing Illinois income tax there is a subtraction from adjusted gross income for the amount of social security benefits included in federal gross income under I.R.C. §72(r) and 86. [35 ILCS 5/203(a)(2)(L).]

Taxpayers are precluded from claiming a subtraction for repayment of social security payments that were excluded from base income in the year received. [Illinois General Information Letter IT 11-0011-GIL.]

BNA-IITN IL 3.3.2.5.

An Indiana taxpayer may subtract from Indiana adjusted gross income supplemental railroad retirement annuities included in federal adjusted gross income. [Ind. Code Ann. §6-3-1-3.5(a)(9).]

Indiana does not tax social security. To the extent social security was included in the taxpayer's federal adjusted gross income, it may be subtracted when computing Indiana adjusted gross income. [Ind. Code Ann. §6-3-1-3.5(a)(12).]

For taxable years beginning Jan. 1, 2015, an individual resident of Indiana who is at least 62 years old before the end of the taxable year and who receives a federal civil service annuity is allowed an adjusted gross income tax deduction equal to \$8,000 of the annuity payments received during the taxable year, reduced by the amount of social security and railroad retirement benefits received during the taxable year. For taxable years beginning Jan. 1, 2016, the allowable adjusted gross income tax deduction is equal to \$16,000. [Ind. Code Ann. §6-3-2-3.7, as amended by 2015 S.B. 441, effective Jan. 1, 2015; Ind. Admin. Code tit. 45, r. 3.1-1-5; Ind. Admin. Code tit. 45, r. 3.1-1-69; Ind. Dept. of Rev. Info. Bull. No. 6 (July 2015); Ind. Dept. of Rev. Info. Bull. No. 26 (Jan. 2003).]

BNA-IITN IN 3.3.2.5.

BNA-IITN IN 3.3.2.4.

Iowa permits a subtraction of the first \$6,000 (\$12,000 for married couples) in retirement plan distributions received, including annuity income, so long as the taxpayer is at least 55 years old. [Iowa Code Ann. §422.7(31).]

The surviving spouse of a deceased taxpayer is entitled to the same subtraction even if the spouse does not qualify on their own; however, the subtraction would only be permitted against the benefits received on account of the taxpayer's death. [Iowa Code Ann. §422.7(31).]

Nonresident Retirement Income

Distribution from pension plans, annuities, individual retirement accounts, and deferred compensation plans received by a nonresident are exempt from Iowa income tax if the distributions are directly related to the taxpayer's retirement. [Iowa Admin. Code r. 701-40.45(422)]

BNA-IITN IA 3.3.2.4.

Iowa has phased out the taxation of Social Security benefits. Benefits are currently eligible for complete exclusion. [Iowa Code Ann. §422.7(13); Iowa Admin. Code r. 701-40.23(422).]

Iowa has phased out the taxation of Social Security benefits. Benefits are currently eligible for complete exclusion. The phase-out schedule was:

- Tax Year 2010: 55 percent of federally-taxed benefit excluded;

- Tax Year 2011: 67 percent of federally-taxed benefit excluded;

- Tax Year 2012: 77 percent of federally-taxed benefit excluded; and

- Tax Year 2013: 89 percent of federally-taxed benefit excluded. [Iowa Code Ann. §422.7(13); Iowa Admin. Code r. 701-40.23(422).]

BNA-IITN IA 3.3.2.5.

Kansas generally conforms to the federal treatment of annuity income. [Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.] Kansas taxable income does not include annuity income. [Kan. Stat. Ann. §74-4923(b); Kan. Stat. Ann. §79-32,117(c)(ii).]

The Kansas taxable income computation begins with Kansas adjusted gross income, which is the taxpayer's federal adjusted gross income with modifications, less Kansas deductions and exemptions. If Kansas law does not explicitly state how to treat a type of income that is included in the computation of federal adjusted gross income, the federal provisions govern. [See Kan. Stat. Ann. §79-32,116; Kan. Stat. Ann. §79-32,117.]

Any annuity income derived from the Kansas Public Employees Retirement System (KPERs) that is included in federal adjusted gross income is subtracted from federal adjusted gross income in computing Kansas taxable income. [Kan. Stat. Ann. §74-4923(b); Kan. Stat. Ann. §79-32,117(c)(ii).] Additionally, the retirement annuity income of retired civil service employees and the supplemental retirement annuity for retired railroad employees are specifically excluded from Kansas taxable income. [Kan. Stat. Ann. §79-32,117(c)(vii).]

BNA-IITN KS 3.3.2.4.

There is a subtraction from federal adjusted gross income for Social Security income for a taxpayer with federal adjusted gross income of \$75,000 or less. The threshold applies to all filing statuses. [Kan. Stat. Ann. §79-32,117(c)(xviii). See Kan. Dept. of Rev., Form Schedule S, Kansas Supplemental Income.]

BNA-IITN KS 3.3.2.5.

Kentucky generally conforms to federal treatment of contributions to annuities, including the deductions permitted under I.R.C. §62 and I.R.C. §219. [Ky. Rev. Stat. Ann. §141.010(10)(i)(3).] Kentucky excludes from taxable income the first \$41,110 of total distributions from pension plans, annuity contracts, profit-sharing plans, retirement plans, or employee savings plans. [Ky. Rev. Stat. Ann. §141.010(10)(i)(2).]

Supplemental annuities provided by the Railroad Retirement Act of 1937 are exempt from Kentucky income. [Ky. Rev. Stat. Ann. §141.010(10)(b).]

BNA-IITN KY 3.3.2.4.

Kentucky excludes from the computation of income all distributions from Social Security, whether taxable for federal purposes or not. [Ky. Rev. Stat. Ann. §141.010(10)(e).]

Supplemental annuities provided by the Railroad Retirement Act of 1937 which are subject to federal taxation are exempt from Kentucky income. [Ky. Rev. Stat. Ann. §141.010(10)(b).]

BNA-IITN KY 3.3.2.5.

In Louisiana, amounts received as distributions or benefits from annuities are includable in Louisiana gross income. [La. Rev. Stat. Ann. §47:44(A); Louisiana Form IT-540, Instructions and Worksheets for Louisiana Resident Individual Income Tax Return.] Annual retirement income of up to \$6,000 dollars is exempt from state income tax. [La. Rev. Stat. Ann. §47:44.1(A).]

Any Social Security benefit received by the taxpayer is exempt from Louisiana state income tax. [La. Rev. Stat. Ann. §47:44.2.] Additionally, any amounts received under a federal employee retirement program or the Railroad Retirement Act of 1937 are excluded from taxable income. [La. Rev. Stat. Ann. §47:44.2.]

BNA-IITN LA 3.3.2.5.

The part of an annuity that is not part of an employee retirement plan, which meets the following ratio requirements, is not included in gross income:• the part of the annuity received which bears the same ratio as the amount of the investment in the contract bears to the expected return under the contract. [La. Rev. Stat. Ann. §47:44(B).]

BNA-IITN LA 3.3.2.4.

Maine generally conforms to the federal treatment of contributions to annuities, including the deductions permitted under I.R.C. §§ 62 and 219. [Me. Rev. Stat. Ann. tit. 36, §5121.] Maine excludes up to \$10,000 of employment retirement benefits received, including annuity income, reduced by any social security and railroad retirement benefits from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1) and (M-2).]

Social Security and railroad benefits are excluded from the calculation of Maine adjusted gross income to the extent included in federal adjusted gross income. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(C); Me. Rev. Stat. Ann. tit. 36, §5122(2)(M); Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-1), as amended by 2016 L.D. 1506, effective March 1, 2016, but retroactively applicable to June 30, 2015; and Me. Rev. Stat. Ann. tit. 36, §5122(2)(M-2), as amended by 2016 L.D. 1506, effective March 1, 2016.]

For tax years starting on or after Jan. 1, 2016, military retirement plan benefits, whether paid to the former military member or their survivor, are exempt from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2), as amended by 2015 L.D. 1019, effective June 30, 2015.]

BNA-IITN ME 3.3.2.5.

For tax years beginning on or after Jan. 1, 2014, but before Jan. 1, 2016, Maine excludes from income the first \$6000 of total distributions from an annuity. [Me. Rev. Stat. Ann. tit. 36, §5122(2)(M), as amended by 2015 L.D. 1489, effective Oct. 15, 2015.]

BNA-IITN ME 3.3.2.4.

Maryland conforms to the federal treatment of annuities including the deductions permitted under I.R.C. §62 and 219. [Md. Code Ann., Tax-Gen. §10-107, Md. Code Ann., Tax-Gen. §10-203; see also I.R.C. §72.] Social Security or railroad retirements benefits received by taxpayers are excluded from Maryland's computation of taxable income. [Md. Code Ann., Tax-Gen. §10-207(j).]

BNA-IITN MD 3.3.2.5.

BNA-IITN MD 3.3.2.4.

Because Massachusetts does not allow a deduction from gross income for contributions to an annuity, the distributions from an annuity under I.R.C. § 403 (employee annuities), I.R.C. § 404 (employees' trust or annuity plan) or individual retirement annuities under I.R.C. §§ 408 (individual retirement plans) and I.R.C. §§ 409 (tax credit employee stock ownership plans), are not taxable to the extent that the contributions were previously taxed. Thus, the taxpayer does not have to include in gross income distributions received until the amount received exceeds the aggregate of all previous contributions to the annuity. [Mass. Gen. L. ch. 62, §2(a)(2)(F).]

BNA-IITN MA 3.3.2.4.

Massachusetts gross income does not include social security benefits included in federal gross income under I.R.C. §86. [Mass. Gen. L. ch. 62, §2(a)(2)(H) .]

BNA-IITN MA 3.3.2.5.

For tax years beginning on and after Jan. 1, 2007, Michigan taxable income excludes amounts received as retirement or pension benefits, including retirement annuity policies, that are not allowed as a subtraction from a federal or state public retirement system or serviceperson retirement benefits. [Mich. Comp. Laws §206.514(1); Mich. Comp. Laws §206.30(1)(f); Mich. Dept. of Treas., Michigan Tax Text Manual.]

Michigan taxable income excludes amounts received as social security benefits as defined under I.R.C. §86. However, a special election to exempt social security income must be made to exempt social security income for taxpayers born after 1952, after they reach age 67. [Mich. Comp. Laws §206.30(1)(f)(iii). Michigan Dept. of Treasury, "Income Tax Changes for Retirement Benefits Effective for Tax Year 2012 (for returns filed in 2013)"(Jan. 23, 2012).]

There is a subtraction for any other retirement or pension system or benefits from a retirement annuity policy in which payments are made for life to a senior citizen, [Senior citizen means an individual, or either one of two persons filing a joint tax return, who is 65 years of age or older at the close of the tax year. The term also includes the unremarried surviving spouse of a person who was 65 years of age or older at the time of death. Mich. Comp. Laws §206.514(1).] to a maximum of \$42,240 for a single return and \$84,480 for a joint return. [Mich. Comp. Laws §206.30(1)(f); Mich. Dept. of Treas., Michigan Tax Text Manual.]

However, taxpayers born after 1952, and after they reach age 67, may:

1. elect an exemption against all income of \$20,000 for single filers or \$40,000 for joint filers, but

- no exemption for social security, military or railroad retirement; and

- no personal exemptions; or

2. elect to exempt social security, military and railroad pension, but may claim personal exemptions. [Mich. Comp. Laws §206.30(9)(c). See also Michigan Revenue Administrative Bulletin 2016-13 (June 30, 2016), explaining income tax treatment of railroad retirement and other benefits and how they relate to the tax treatment of non-railroad retirement benefits.]

Payments from commercial annuity policies are not eligible for the subtraction, unless made to a senior citizen for life. [Mich. Dept. of Treas., Michigan Tax Text Manual.]

Beginning in tax year 2008, the maximum amount excludable is adjusted by the percentage increase in the U. S. consumer price index for the immediately preceding calendar year. The department will annualize the amounts provided as necessary. [Mich. Comp. Laws §206.30(1)(f)(iv).]

BNA-IITN MI 3.3.2.5.

BNA-IITN MI 3.3.2.4.

Minnesota conforms to the federal treatment of annuities, including the deductions permitted under I.R.C. §62 and 219. [Minn. Stat. §290.01(19). See also I.R.C. §61(a)(9), 72.]

BNA-IITN MN 3.3.2.4.

Minnesota taxes Social Security pensions to the extent the federal government taxes them. [Minn. Stat. §290.01(19); Minnesota Individual Income Tax Fact Sheet 6; see also I.R.C. §86; Snell, National Conference of State Legislatures, State Personal Income Taxes on Pensions & Retirement Income: Tax Year 2010 (2011).] No Minnesota return is necessary if Social Security is the taxpayer's only source of income. [Minnesota Individual Income Tax Fact Sheet 6.]

BNA-IITN MN 3.3.2.5.

Mississippi excludes from income amounts received as retirement allowances, pensions, annuities, or optional retirement allowances paid under certain programs or plans. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exclusion applies to income from the following plans:• the federal Social Security Act;

- the Railroad Retirement Act;
- the Federal Civil Service Retirement Act;
- any other retirement system of the federal government;
- the Mississippi Public Employees' Retirement System;
- the Mississippi Highway Safety Patrol Retirement System;
- any other retirement system of the State of Mississippi or its subdivisions;
- any other public or governmental retirement system; and
- any private retirement system or plan that the taxpayer was a member of during employment. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

The exemption from income is extended to the surviving spouse or other beneficiary on the death of the primary retiree. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

Mississippi excludes from income amounts received as retirement for certain sources.

Amounts received include retirement allowances, pensions, annuities, or optional retirement allowances paid under:• the federal Social Security Act;

- the Railroad Retirement Act;
- the Federal Civil Service Retirement Act;
- any other retirement system of the federal government;
- the Mississippi Public Employees' Retirement System;
- the Mississippi Highway Safety Patrol Retirement System;
- any other retirement system of the State of Mississippi or its subdivisions;
- any other public or governmental retirement system; and
- any private retirement system or plan that the taxpayer was a member of during employment. [Miss. Code Ann. §27-7-15(4)(k); Miss. Code Ann. §27-7-15(4)(l); Miss. Regs. §35.III.02.07.100; Miss. Regs. §35.III.04.02.100 through Miss. Regs. §35.III.04.02.101.02.]

BNA-IITN MS 3.3.2.5.

Missouri taxes annuity, pension and retirement allowance distributions in excess of \$6,000 annually. [Mo. Rev. Stat. §143.124(3).]

BNA-IITN MO 3.3.2.4.

For tax years beginning Jan. 1, 2012, Missouri allows a maximum exemption of 100 percent for Social Security distributions that have been included in arriving at adjusted gross income only if a taxpayer's income is less than a specific threshold based on the taxpayer's filing status. A taxpayer who has income greater than the threshold may qualify for a partial deduction. [Mo. Rev. Stat. §143.124(8) and 143.125. See Mo. Dept. of Rev., Pension Exemption and Social Security/Social Security Disability Deduction: Am I Eligible?]

Social Security benefits are subtracted from taxable income for Missouri purposes but are not considered retirement benefits by Missouri. [Mo. Rev. Stat. §143.124(8).]

BNA-IITN MO 3.3.2.5.

Montana allows an exclusion from adjusted gross income for pension and annuity income up to a certain amount, which is indexed for inflation. For married taxpayers filing jointly, each may claim the exclusion. This exclusion is subject to phaseout at a rate of \$2 for every \$1 that federal gross income exceeds a threshold amount, which is indexed for inflation. [Mont. Code Ann. §15-30-2101(25) (definition of pension and annuity income); Mont. Code Ann. §15-30-2110(2)(c); Mont. Admin. R. 42.15.118.]

For 2016, the maximum pension and annuity exemption is \$4,070, which begins to phaseout at \$33,910 of adjusted gross income. [Mont. Dept. of Rev., Montana 2016 Individual Income Tax (2016).] For 2015, the maximum pension and annuity exemption is \$3,980, which begins to phaseout at \$33,190. [Mont. Dept. of Rev., Montana 2015 Individual Income Tax (2016).] For 2014, the maximum pension and annuity exemption is \$3,980, which begins to phaseout at \$33,200 of adjusted gross income. [Mont. Dept. of Rev., Montana 2014 Individual Income Tax (2014).] For 2013, the maximum pension and annuity exemption is \$3,900, which begins to phaseout at \$32,480 of adjusted gross income. [Mont. Dept. of Rev., Montana 2013 Individual Income Tax (2013).] For 2012, the maximum pension and annuity exemption is \$3,830, which begins to phaseout at \$31,920 of adjusted gross income. [Mont. Dept. of Rev., Montana 2012 Individual Income Tax (2012).]

BNA-IITN MT 3.3.2.4.

The amount of taxable social security benefits in Montana may be different than the amount of taxable social security benefits for federal purposes. [See Montana Form 2, Montana Individual Income Tax Return; Montana Form 2, Instructions for Montana Individual Income Tax Return. See also Mont. Code Ann. §15-30-2101(13); I.R.C. §86.]

To determine Montana taxable social security benefits taxpayers must complete Montana Worksheet VIII - Taxable Social Security Benefits for Form 2. Once the worksheet is completed, if social security benefits/Tier I Railroad Retirement benefits taxable for Montana purposes are less than those benefits taxable for federal purposes, the difference is treated as a subtraction from federal adjusted gross income on Montana Schedule II of Form 2. If social security benefits/Tier I Railroad Retirement benefits taxable for Montana purposes are more than those benefits taxable for federal purposes, the difference is treated as an addition to federal adjusted gross income on Montana Schedule I of Form 2. [See Montana Form 2, Montana Individual Income Tax Return; Montana Form 2, Instructions for Montana Individual Income Tax Return; Mont. Dept. of Rev., Worksheet VIII - Taxable Social Security Benefits for Form 2 (2013).]

BNA-IITN MT 3.3.2.5.

Nebraska conforms to the federal treatment of income from annuities. [See Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §72 (describing federal taxation of annuities)]

BNA-IITN NE 3.3.2.4.

Nebraska generally conforms to the federal treatment of income from Social Security benefits. [See Neb. Rev. Stat. §77-2714.01(1); see also I.R.C. §86 (describing federal taxation of Social Security benefits).]

For taxable years beginning on or after Jan. 1, 2015, Social Security benefits included in federal adjusted gross income are subtracted when computing Nebraska taxable income if:

- for married taxpayers filing a joint return, federal adjusted gross income is \$58,000 or less; or

- for taxpayers filing any other return, federal adjusted gross income is \$43,000 or less. [Neb. Rev. Stat. §77-2716(13), as added by 2014 L.B. 987, effective July 17, 2014.]

BNA-IITN NE 3.3.2.5.

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.2.4.

Interest from annuities is taxable in New Hampshire. [N.H. Code Admin. R. Dept. Rev. Admin. 903.04.]

BNA-IITN NH 3.3.2.4.

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.2.5.

Social security income is not taxable in New Hampshire.

BNA-IITN NH 3.3.2.5.

New Jersey allows taxpayers to exclude from gross income the amount of income from annuities for taxpayers who are over age 62 and make less than \$100,000 per year. [N.J. Rev. Stat. §54A:6-10(b)(1), as amended by 2016 A.B. 12, effective Oct. 14, 2016.]

New Jersey allows taxpayers to exclude Social Security distributions from gross income, for purposes of the state's income tax. [N.J. Rev. Stat. §54A:6-2.]

BNA-IITN NJ 3.3.2.5.

The exemption is available in the following amounts:• For tax years 2003 to 2016, up to \$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, or \$15,000 for an individual filing as a single taxpayer.

- For tax year 2017, up to \$40,000 for a married couple filing jointly, \$20,000 for a married person filing separately, or \$30,000 for an individual filing as a single taxpayer.

- For tax year 2018, up to \$60,000 for a married couple filing jointly, \$30,000 for a married person filing separately, or \$45,000 for an individual filing as a single taxpayer.

- For tax year 2019, up to \$80,000 for a married couple filing jointly, \$40,000 for a married person filing separately, or \$60,000 for an individual filing as a single taxpayer.

- For tax years 2020 and later, up to \$100,000 for a married couple filing jointly, \$50,000 for a married person filing separately, or \$75,000 for an individual filing as a single taxpayer. [N.J. Rev. Stat. §54A:6-10(b)(1), as amended by 2016 A.B. 12, effective Oct. 14, 2016.]

BNA-IITN NJ 3.3.2.4.

Annuities are included in the calculation of New Mexico adjusted gross income. [N.M. Stat. Ann. §7-2-2(L)(9).] Taxable Railroad Retirement Act annuities and benefits are subtracted from New Mexico adjusted gross income. Taxable Railroad Unemployment Insurance Act sick pay is also subtracted from New Mexico adjusted gross income. [New Mexico Form PIT-ADJ, New Mexico Schedule of Additions and Deductions/Exemptions; New Mexico Form PIT-ADJ, Instructions for New Mexico Schedule of Additions and Deductions/Exemptions.]

BNA-IITN NM 3.3.2.4.

Taxpayers must add social security benefits to the calculation of New Mexico adjusted gross income. [N.M. Stat. Ann. §7-2-2(L)(16).]

BNA-IITN NM 3.3.2.5.

New York conforms to the federal treatment of annuities. The first \$20,000 of certain annuity income received by an individual who is at least 59¹/₂ years of age is subtracted from federal adjusted gross income to determine New York adjusted gross income. [N.Y. Tax Law §612(c)(3-a).]

BNA-IITN NY 3.3.2.4.

For purposes of computing New York income tax there is a subtraction for the amount of social security benefits included in federal gross income under I.R.C. §86. [N.Y. Tax Law §612(c)(3-c); N.Y. Comp. Codes R. & Regs. tit. 20, §112.3(c)(4).]

BNA-IITN NY 3.3.2.5.

Because New York City taxable income for an individual taxpayer is the same as its New York State taxable income, New York City has the same treatment of annuities as New York State. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). See N.Y. City Admin. Code §11-1712(c)(3-a) with N.Y. Tax Law §612(c)(3-a).]

BNA-IITN NYC 3.3.2.4.

Because New York City taxable income for an individual taxpayer is the same as its New York State taxable income, New York City has the same treatment of Social Security as New York State. As such, there is a subtraction for the amount of social security benefits included in federal gross income under I.R.C. § 191. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). Compare N.Y. City Admin. Code §11-1712(c)(3-c) with N.Y. Tax Law §612(c)(3-c).]

BNA-IITN NYC 3.3.2.5.

If the participant of a North Carolina Supplemental Retirement Income Plan (I.R.C. §401(k)) contributed or pledged to contribute to a plan before Aug. 12, 1989, and received a distribution as an annuity, all future distributions are not included in the North Carolina tax base. [North Carolina Individual Income Tax Directive PD-99-1 (March 4, 1999).]

Social Security payments are statutorily excluded from the taxable income base in North Carolina. [N.C. Gen. Stat. §105-134.6(b)(3), as repealed by 2013 H.B. 998, effective Jan. 1, 2014 and re-enacted as N.C. Gen. Stat. §105-153.5(b)(3), effective Jan. 1, 2014.]

BNA-IITN NC 3.3.2.5.

Amounts received from retirement annuities paid under the Railroad Retirement Act of 1937 are explicitly excluded from taxable income. [N.C. Gen. Stat. §105-134.6(b)(3), as repealed by 2013 H.B. 998, effective Jan. 1, 2014 and re-enacted as N.C. Gen. Stat. §105-153.5(b)(3), effective Jan. 1, 2014.]

BNA-IITN NC 3.3.2.4.

North Dakota conforms to the federal treatment of annuities pursuant to I.R.C. §61. [N.D. Cent. Code §57-38-30.3; N.D. Admin. Code §81-03-01.1-02.]

BNA-IITN ND 3.3.2.4.

In North Dakota, taxpayers' benefits from Social Security are taxable to the extent that they are included in federal adjusted gross income. [N.D. Cent. Code §57-38-30.3; 57-38-01(12).]

BNA-IITN ND 3.3.2.5.

Ohio conforms to federal tax treatment of annuities and therefore exempts from income annuity income received pursuant to I.R.C. §§403(a) and (b). [Ohio Rev. Code Ann. §5747.01(A).]

BNA-IITN OH 3.3.2.4.

Ohio will allow taxpayers to deduct the amount of Social Security benefits received to the extent they are included in federal gross income tax. [Ohio Rev. Code Ann. §5747.01(A).]

BNA-IITN OH 3.3.2.5.

Oklahoma will exempt from income employee annuities that fall under I.R.C. §§ 403 and 408 and annuities that satisfy the requirements of I.R.C. § 408 [Okla. Stat. Ann. tit. 68, §§ 2358(E)(14)(c)(3) and (4); Oklahoma Form 511, Instructions to Resident Individual Income Tax Return .] up to \$10,000 for taxpayers over 65 years old.

BNA-IITN OK 3.3.2.4.

Oklahoma will exempt from income any Social Security benefits received to the extent they are included in the federal adjusted gross income pursuant to the provisions of I.R.C. §86. [Okla. Stat. Ann. tit. 68, §2358(E)(10).]

BNA-IITN OK 3.3.2.5.

Oregon follows the federal treatment of income from annuities. [Or. Rev. Stat. §316.048.]

BNA-IITN OR 3.3.2.4.

Oregon exempts social security benefits as defined by I.R.C. §86. [Or. Rev. Stat. §316.054.]

BNA-IITN OR 3.3.2.5.

Pennsylvania provides state-specific rules for the inclusion of annuity income. [72 Pa. Stat. § 7303(a)(1)(ii)(D); 72 Pa. Stat. § 7303(a)(1)(ii)(E); 61 Pa. Code § 101.1; 61 Pa. Code § 103.16(d); Pa. Dept. of Rev., Pennsylvania Personal Income Tax Guide, ch. 7, XIV. Annuities.] Social Security benefits are not included in the definition of taxable compensation for purposes of calculating Pennsylvania's personal income tax. [72 Pa. Stat. §7301(d); 61 Pa. Code §101.6(c).]

BNA-IITN PA 3.3.2.5.

Distributions from non-employer annuities are included in income in Pennsylvania. [Pa. Dept. of Rev., Pennsylvania Personal Income Tax Guide, ch. 7, XIV. Annuities; Form PA-40, Pennsylvania Personal Income Tax Return and Instructions.] Generally, amounts received from an annuity contract are not classified as interest. [61 Pa. Code §103.16(d).]

Employer contributions to an employee annuity are deemed to be earned only when distributed. [72 Pa. Stat. §7303(a)(1)(ii)(D).] However, employee contributions to employee annuities are not excluded from income. [72 Pa. Stat. §7303(a)(1)(ii)(E).]

Annuity income from retirement annuities that are not from an employer-sponsored retirement plan are taxable as interest income. [Pa. Dept. of Rev., Pennsylvania Personal Income Tax Guide, ch. 8. See In re O'Hara, No. 1522809 (Pa. Bd. of Fin. and Rev. Aug. 25, 2016) (provides that the taxation of gross annuity interest income improperly included insurance premiums paid).]

BNA-IITN PA 3.3.2.4.

Rhode Island conforms to the federal treatment of annuities. [R.I. Gen. Laws §44-30-12(a); see also I.R.C. §72.] Rhode Island conforms to the federal treatment of social security benefits. [R.I. Gen. Laws §44-30-12(a); see also I.R.C. §86.]

Starting Jan. 1, 2017, taxpayers can subtract up to \$15,000 of their income from certain pensions or annuities. [R.I. Gen. Laws §44-30-12(c)(9), as amended by 2015 H.B. 5900, effective July 1, 2015; and as amended by 2016 H.B. 7454, effective June 24, 2016.] BNA-IITN RI 3.3.2.5.

BNA-IITN RI 3.3.2.4.

An individual taxpayer who is the original owner of a qualified retirement account is allowed an annual deduction from South Carolina taxable income of not more than \$3,000 of retirement income received. Beginning in the year in which the taxpayer reaches age 65, the taxpayer may deduct not more than \$10,000 of retirement income that is included in South Carolina taxable income. [S.C. Code Ann. §12-6-1170(A)(1).]

South Carolina taxable income does not include Social Security amounts included in federal gross income under I.R.C. §86. [S.C. Code Ann. §12-6-1120(4).]

BNA-IITN SC 3.3.2.5.

Retirement income means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from qualified retirement plans which include those plans defined in I.R.C. § 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement. [S.C. Code Ann. §12-6-1170(A)(2).]

The federal income tax exclusion for amounts received as pension, annuity or similar allowance for personal injuries or sickness resulting from active service in the armed forces is allowed for South Carolina income tax purposes. [I.R.C. §104(a)(4); S.C. Code Ann. §12-6-560.]

BNA-IITN SC 3.3.2.4.

Nevada does not impose an individual income tax.

South Dakota does not impose an individual income tax.

BNA-IITN SD 3.3.2.4.

BNA-IITN SD 3.3.2.5.

Tennessee does not tax contributions to, or distributions from, annuities. [See Tenn. Code Ann. §67-2-102; Tenn. Code Ann. §67-2-104; Tenn. Dept. of Rev., Glossary.]

Tennessee does not tax contributions to, or distributions of, Social Security. [See Tenn. Code Ann. §67-2-102; Tenn. Code Ann. §67-2-104; Tenn. Dept. of Rev., Frequently Asked Questions.]

Tennessee individual income tax does not conform to the Internal Revenue Code. The Tennessee income tax only taxes certain income from interest and dividends. [Tenn. Code Ann. §67-2-102.]

BNA-IITN TN 3.3.2.5.

BNA-IITN TN 3.3.2.4.

Texas does not impose an individual income tax.

Texas does not impose an individual income tax.

BNA-IITN TX 3.3.2.4.

BNA-IITN TX 3.3.2.5.

Utah conforms to the federal treatment of contributions to and distributions from annuities under I.R.C. §404(a)(2). [Utah Code Ann. §59-10-103(1)(a); Utah Code Ann. §59-10-103(1)(w). See also I.R.C. §72.]

Income distributed from annuities may qualify for the Utah Retirement Tax Credit, which provides a nonrefundable credit for eligible retirement income received by the taxpayer. [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(I). See also Utah Tax Comn., Instructions for Form TC-40, Individual Income Tax Return; Utah Tax Comn., Retirement Income Exemption/Deduction; Section 3.6.3.] To qualify for the credit the annuity must be paid under a plan that meets the requirements of I.R.C. §404(a)(2). [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(I).]

BNA-IITN UT 3.3.2.4.

Utah conforms to the federal treatment of Social Security under I.R.C. §86. [Utah Code Ann. §59-10-103(1)(a); Utah Code Ann. §59-10-103(1)(w). See also I.R.C. §86.]

Income distributed from Social Security may qualify for the Utah Retirement Tax Credit, which provides a nonrefundable credit for eligible retirement income received by the taxpayer. [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(III). See also Utah Tax Comn., Instructions for Form TC-40, Individual Income Tax Return; Utah Tax Comn., Retirement Income Exemption/Deduction; Section 3.6.3. Other Credits. Non-Refundable Retirement Income Credit.] To qualify for the credit the Social Security benefits must have been included in the taxpayer's federal adjusted gross income. [Utah Code Ann. §59-10-1019(1)(b)(i)(B)(III); Utah Tax Comn., Instructions for Form TC-40, Individual Income Tax Return.] Survivor and disability benefits distributed by Social Security do not meet the requirements of qualified retirement income. [Utah Tax Comn., Instructions for Form TC-40, Individual Income Tax Return; Utah Tax Comn., Retirement Income Exemption/Deduction.]

BNA-IITN UT 3.3.2.5.

Vermont uses federal taxable income as its starting point for calculating Vermont taxable income and, therefore, generally follows the federal tax treatment for annuities. [Vt. Stat. Ann. tit. 32, §5824.]

Under federal law, annuities are included in gross income. [See I.R.C. §72.]

BNA-IITN VT 3.3.2.4.

Vermont uses federal taxable income as its starting point for calculating Vermont taxable income and, therefore, follows the federal tax treatment for Social Security benefits. [Vt. Stat. Ann. tit. 32, §5824.] Social Security benefits are subject to federal income tax to the extent a taxpayer's income, as specially modified, exceeds certain base amounts. [See I.R.C. §86.]

BNA-IITN VT 3.3.2.5.

Income derived from a qualified plan, IRA annuity, or deferred compensation plan is excluded from Virginia taxable income to the extent federally-deductible contributions were taxed by another state. [Va. Code Ann. §58.1-322(C)(19).]

Virginia does not tax the amount of Social Security Benefits subject to federal tax under I.R.C. §86. Therefore, any amount included in federal adjusted gross income is subtracted when computing Virginia taxable income. [Va. Code Ann. §58.1-322(C)(4).]

Individuals may subtract the death benefit payments from an annuity contract that is subject to federal taxation provided the death benefit payment is:

- made pursuant to an annuity contract with an insurance company;

- paid to the annuitant in a lump sum; and

- included in federal adjusted gross income. [Va. Code Ann. §58.1-322(C)(32), as amended by 2012 H.B. 879, enacted March 21, 2012.]

BNA-IITN VA 3.3.2.4.

BNA-IITN VA 3.3.2.5.

Washington does not impose an individual income tax.

Washington does not impose an individual income tax.

BNA-IITN WA 3.3.2.4.

BNA-IITN WA 3.3.2.5.

West Virginia conforms to the federal taxation of annuity payments under I.R.C. §72, which includes an income exclusion on distributions equivalent to investment in the contract. [W. Va. Code §11-21-9(a), as amended by 2013 H.B. 2516, effective April 12, 2013, updating West Virginia's conformity with the Internal Revenue Code; W. Va. Code §11-21-12(a).]

BNA-IITN WV 3.3.2.4.

West Virginia conforms to the partial exclusion from income for social security payments which is granted by I.R.C. §86 [W. Va. Code §11-21-12(a); West Virginia Administrative Decision 10-438 RPD (June 30, 2011) (retired federal correction officer allowed to exclude retirement benefits in lieu of Social Security benefits).].

BNA-IITN WV 3.3.2.5.

Wisconsin residents must include distributions from annuity contracts. These distributions are included for residents even if attributable to personal services performed outside of Wisconsin. Distributions received by nonresidents are exempt from Wisconsin income tax even if attributable to personal services performed within Wisconsin. [Wis. Stat. §71.05(6)(a)(12); Wis. Admin. Code Tax §3.085(2); Wis. Admin. Code Tax §3.085(1); ; Wisconsin Publication 106. See also I.R.C. §401(k); 403(b); 457.]

Railroad retirement benefits paid by the U.S. Railroad Retirement Board are not taxable by Wisconsin, regardless of whether the benefits are treated as a social security benefit, pension or annuity at the federal level. State taxation of these benefits is preempted by federal law. [Wisconsin Publication 126.]

BNA-IITN WI 3.3.2.4.

Social Security benefits are not included in gross income for Wisconsin purposes. Beginning with the 2008 taxable year, taxpayers are permitted to take a subtraction from federal adjusted gross income equal to the amount of social security benefits included in federal adjusted gross income. [Wis. Stat. §71.05(6)(b)(21)(c); Wisconsin Publication 126; Wisconsin Publication 106.]

BNA-IITN WI 3.3.2.5.

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.2.4.

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.2.5.

Military Compensation

Military pay of a resident taxpayer is taxable income except for compensation received while serving in a designated combat zone. [Ala. Admin. Code r. 810-3-2-.01(3)(d); Ala. Admin. Code r. 810-3-3-.01; Alabama Form 40NR, Instructions and Worksheet for Alabama Individual Income Tax Return (Nonresidents).]

Alabama exempts all retirement payments and compensation received as retirement benefit from the military services by any person retired from the military services of the United States of America and survivor benefits derived is exempt. [Ala. Code §40-18-20(d); Ala. Admin. Code r. 810-3-14-.02.(3)(d); Ala. Admin. Code r. 810-3-19-.01(1)(e).]

BNA-IITN AL 3.3.7.

Alaska does not impose an individual income tax.

BNA-IITN AK 3.3.7.

Arizona excludes from income combat pay which is excluded under the I.R.C., and in addition, excludes compensation received for active service as a member of the reserves, the national guard or the armed forces of the United States, including compensation for service in a combat zone as determined under I.R.C. §112. [Ariz. Rev. Stat. Ann. §43-1022(13), as amended by 2014 S.B. 1301, effective July 24, 2014, renumbering the statute.]

This exclusion does not apply to Arizona residents who are active duty members of the commissioned corps of the United States Public Health Service or the National Oceanic and Atmospheric Administration. [Arizona Individual Tax Ruling 10-1.]

Members of the military who die in combat are exempt from income tax for the year of their death. They are also exempt from income tax with respect to any prior taxable year ending on or after the first day the individual served in a combat zone or an area given the same treatment as a combat zone. [Ariz. Rev. Stat. Ann. §43-568.]

BNA-IITN AZ 3.3.7.

All service pay or allowance received by an active duty member of the armed services for tax years beginning on or after Jan. 1, 2014, is exempt from income tax. [Ark. Code Ann. §26-51-306(a)(1)(C); Ark. Code Ann. §26-51-306(a)(1)(D), as amended by 2013 S.B. 463, effective Jan. 1, 2014.] Prior to Jan. 1, 2014, the first \$9,000 of service pay or service allowance received by any active duty member of the U.S. or Arkansas armed services [Ark. Code Ann. §26-51-306(c). The armed services include the National Guard; reserve components of the armed forces; the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force; and all other branches of the military and naval forces or auxiliaries.] is exempt from Arkansas income tax.

Arkansas conforms to the federal income tax exemption for combat pay and for a service member's income in the year of that person's death under I.R.C. §112 and 692, as in effect on Jan. 1, 2007. [Ark. Code Ann. §26-51-306(a)(4).]

Arkansas has adopted I.R.C. §134, as in effect on Jan. 1, 2009, regarding the exclusion from income of qualified military benefits provided to members of the U.S. military. [Ark. Code Ann. §26-51-404(b)(27).]

BNA-IITN AR 3.3.7.

California gross income does not include compensation for military or naval service, within the meaning of the Soldiers' and Sailors' Civil Relief Act of 1940, performed by a nonresident not domiciled in California and attributable to a resident spouse solely because of the application of a community property law or rule. [Cal. Rev. & Tax. Code §17140.5.]

BNA-ITN CA 3.3.7.

A service member who is a Colorado full-year resident is taxed in the same manner as any other Colorado resident. Colorado resident service members are those who are Colorado residents when they enter the service or those who are from another state and who choose to become Colorado residents. [Colo. Rev. Stat. §39-22-103(8)(b); Colorado FYI Income 21.]

For tax years beginning on or after Jan. 1, 2016, a service member who has reacquired residency in Colorado, will have any compensation received by active duty service in the United States armed forces, subtracted from their federal taxable income to the extent the compensation is included in the federal taxable income. [Colo. Rev. Stat. §39-22-104(4)(u), as added by 2015 H.B. 1181, enacted May 27, 2015 and effective Aug. 5, 2015.]

In December 2009, the Colorado Department of Revenue updated its guidelines regarding the personal income taxation of military personnel to reflect the recently enacted federal Military Spouses Residency Relief Act. [Military Spouses Residency Relief Act of 2009 Pub. L. No. 111-97, 123 STAT. 3007 (2009).] For tax years beginning after 2008, wages and tips of a qualifying nonresident spouse are not taxable in Colorado. A qualifying spouse must have moved to Colorado from another state, be in Colorado solely to accompany their active duty service member spouse who is stationed in Colorado in accordance with military orders, and have the same state of residency as the home of record of the service member. [Colorado FYI Income 21.]

Colorado conforms to the federal income tax exemption for combat pay under I.R.C. §112. [Colo. Rev. Stat. §39-22-104.] For service members who serve in a federally designated combat zone, Colorado will exempt from taxation all military wages earned while serving in the combat zone and all wages earned for 180 days after returning from combat

Members of the armed forces serving in active duty are not subject to tax for combat or other specific forms of pay which are exempt from federal tax. Additionally, individuals stationed in Connecticut and their spouses, who were domiciled outside of Connecticut when they entered the armed forces, may not be responsible for Connecticut income tax if they received solely military income. However, if the individuals received other non-military income in Connecticut or income from property located in Connecticut or from a business, trade, or profession carried on in Connecticut, that income will be subject to Connecticut income tax. [Connecticut Informational Publication IP 2015(24) (Jan. 1, 2016) (discussing income tax information for armed forces personnel and veterans, including information regarding income tax filings and residency).]

Beginning on or after Jan. 1, 2015, Connecticut permits retired members of the armed forces and National Guard to reduce the amount of their retirement pay which is recognized for federal tax purposes by 100 percent in calculating Connecticut income. [Conn. Gen. Stat. §12-701(a)(20)(B)(xvii); Connecticut Informational Publication IP 2015(24) (Jan. 1, 2016) (discussing income tax information for armed forces personnel and veterans, including information regarding income tax filings and residency).]

BNA-IITN CT 3.3.7.

Delaware resident service members are subject to tax on the full amount of their military compensation. [Delaware Form 200-1Resident Individual Income Tax Return (2015).]

Active service military members who die while serving in a combat zone or as result of wounds, disease or injury incurred while serving are exempt from Delaware personal income tax in the tax year in which the death occurred. [Del. Code Ann. tit. 30, §1171(a)(1).]

Compensation paid by the United States for service in the armed forces of the United States performed by a Delaware nonresident does not constitute income derived from sources within Delaware. [Del. Code Ann. tit. 30, §1124(g).]

BNA-IITN DE 3.3.7.

The District does not offer any special treatment of military compensation beyond that which is offered by federal law, which D.C. conforms to. [D.C. Code Ann. §47-1803.02.]

BNA-IITN DC 3.3.7.

Florida does not impose an individual income tax.

BNA-IITN FL 3.3.7.

Georgia does not impose an income tax on military compensation received by a member of the National Guard or any reserve component of the armed services of the United States stationed in a combat zone or stationed in defense of the borders of the United States pursuant to military orders. [Ga. Code Ann. §48-7-27(a)(12).]

The military income of a member of the United States armed forces who dies while in active service in a combat zone, or dies as a result of wounds, disease, or injury incurred during service, is not taxable by Georgia with respect to the taxable year in which the death occurs or with respect to any prior taxable year ending on or after the first day the taxpayer served in a combat zone after June 24, 1960. [Ga. Code Ann. §48-7-37.] Moreover, any unpaid taxes for years proceeding June 24, 1960 will not be assessed and any assessment will be abated. Any amount collected will be credited or refunded as an overpayment. [Ga. Code Ann. §48-7-37(b).]

BNA-ITN GA 3.3.7.

Military compensation that qualifies as “combat pay” is excluded from Hawaii taxable income and a subtraction modification is available for payments received in connection with military reserve or National Guard duty. [Haw. Rev. Stat. §235-7(a)(7); Hawaii Tax Information Release No. 2003-02 (April 8, 2003).]

BNA-IITN HI 3.3.7.

Under Idaho law, certain members of the United States Armed Forces may deduct from taxable income their military service pay received for military service performed outside Idaho. [Idaho Code §63-3022(h).] An individual on active duty as a full-time officer, enlistee or draftee, which full-time duty is or will be continuous and uninterrupted for 120 consecutive days or more may deduct compensation paid by the United States for services performed outside of Idaho to the extent the income is included in taxable income. [Idaho Code §63-3022(h).]

If a member of the military is stationed in Idaho but has a military home of record in another state, active duty military income is not subject to Idaho income tax. [Idaho State Tax Comn., Military.]

BNA-IITN ID 3.3.7.

Military compensation for duty in the armed forces, including basic training, duty as a cadet at the U.S. Military, Air Force, and Coast Guard academies, as a midshipman at the U.S. Naval Academy, or in ROTC, and duty for serving in the U.S. Armed Forces Reserves or a National Guard unit, including a National Guard unit of another state are excluded from adjusted gross income. [35 ILCS 5/203(a)(2)(E); Illinois General Information Letter IT 01-0060-GIL (Aug. 2, 2001).]

BNA-IITN IL 3.3.7.

Indiana allows a deduction for the amount of "qualified military income" that was not excluded from the taxpayer's federal gross income under I.R.C. §112. [Ind. Code Ann. §6-3-1-3.5(a)(23). In addition to the "qualified military income" deduction, Indiana provides other deductions for Indiana residents serving in the military, but often the deductions cannot be claimed concurrently. Indiana Tax Information Income Tax Bulletin 27]

"Qualified military income" means:• Wages that are paid to a member of:

- a reserve component of the United States armed forces, or
- the National Guard.
- During one of the following periods:
 - the member's full-time service on involuntary orders,
 - the period during which the member is mobilized and deployed for fulltime service, or
 - the period during which the member's National Guard unit is federalized. [Ind. Code Ann. §6-3-1-34.]

A taxpayer claiming the qualified military income deduction is not eligible to also claim the military retirement or spousal survivor benefits deduction. [Ind. Code Ann. §6-3-2-4(b); Instructions and Worksheet to Form IT-40.]

BNA-IITN IN 3.3.7.

All income earned as active duty pay while an individual is a member of the U.S. armed forces, the armed forces military reserve, or the National Guard is exempt from Iowa personal income tax. [Iowa Code Ann. §422.7(40); Iowa Admin. Code r. 701-40.5(422); Iowa Admin. Code r. 701-40.76(422). See also Iowa Revenue Policy Letter No. 16201032 (May 13, 2016) (provides that for the National Guard, the exemption applies to active duty pay under Title 10 of the United States Code and does not apply to active duty pay under Title 32 of the United States Code.)] The exemption is retroactive to tax years beginning after 2010, and also retroactively exempts active duty pay earned as part of Operation New Dawn in tax years after 2009. [2011 H.B. 652, effective May 10, 2011; Iowa Admin. Code r. 701-40.40(422).]

Iowa conforms to federal treatment under I.R.C. §692, which forgives all tax liability for a service member killed in action. [Iowa Code Ann. §422.5(10).] The federal provisions apply to forgive taxes owed and credit payments as overpayments for every year beginning with entrance into the combat zone and ending in the taxable year of death. [Iowa Code Ann. §422.5(10).]

Iowa permits taxpayers to subtract any grants provided pursuant to the Iowa injured veterans grant program, [Iowa Code Ann. §422.7(46).] including a subtraction for any amounts received from the veteran's trust fund to pay for travel expenses or unemployment assistance. [Iowa Code Ann. §422.7(46A).]

BNA-IITN IA 3.3.7.

Kansas taxable income does not include military compensation of nonresident servicemen. Nonresident servicemen must subtract all military compensation received from federal adjusted gross income. [Kan. Stat. Ann. §79-32,109(h), Kan. Stat. Ann. §79-32,110(b), Kan. Stat. Ann. §79-32,115, Kan. Stat. Ann. §79-32,116, Kan. Stat. Ann. §79-32,117. See Kan. Dept. of Rev., Form Schedule S, Kansas Supplemental Income.] Amounts received as Armed Forces recruitment, sign-up, or retention bonuses are also subtracted from federal adjusted gross income. [Kan. Stat. Ann. §79-32,117(c)(xvii). See Kan. Dept. of Rev., Form Schedule S, Kansas Supplemental Income.] While military compensation to nonresident servicemen is not subject to Kansas taxation, however nonresident servicemen are taxable on other income earned in Kansas. If a serviceman is a nonresident of Kansas but is stationed in Kansas due to military orders, a Kansas return must be filed if they (or a spouse if filing jointly) received income from Kansas sources. The total income, including service pay, is used to determine the rate of tax paid on Kansas source income. [Kan. Stat. Ann. §79-32,109(h).]

BNA-IITN KS 3.3.7.

Starting on Jan. 1, 2010, Kentucky excludes from income all military pay received by active duty members of the Armed Forces (including reservists) and all active duty members of the National Guard. [Ky. Rev. Stat. Ann. §141.010(10)(u).]

Additionally all income from all sources is excluded from Kentucky income in the event that the service member is killed in the line of duty, both for the year the death occurred and the year before that year. This includes any federal and state death benefits payable to the estate or beneficiaries. [Ky. Rev. Stat. Ann. §141.010(10)(t).]

BNA-IITN KY 3.3.7.

Louisiana gross income does not include amounts received as a pension, annuity, or similar allowances for personal injuries or sickness resulting from active service in the armed forces of any country or in the coast and geodetic survey or the public health service. [La. Rev. Stat. Ann. §47:46(4).]

BNA-IITN LA 3.3.7.

Members of the armed forces who are residents of Maine must include military compensation in the computation of Maine adjusted gross income. [Me. Rev. Stat. Ann. tit. 36, §5121; Code Me. R. §18-125-807.08.] The military income of a nonresident stationed in Maine are exempted from Maine income tax. However, additional wages earned performing services at a nonmilitary job in Maine or income from operating a business in Maine are all subject to Maine income tax. [Code Me. R. §18-125-807.08.]

Maine excludes from income any pay that is excluded from federal adjusted gross income because it was earned while serving in a combat zone or hazardous duty area. [Me. Rev. Stat. Ann. tit. 36, §5116.]

For tax years starting on or after Jan. 1, 2016, military retirement plan benefits, whether paid to the former military member or their survivor, are exempt from Maine income tax. [Me. Rev. Stat. Ann. tit. 36, § 5122(2)(M-2), as amended by 2015 L.D. 1019, effective June 30, 2015.]

BNA-IITN ME 3.3.7.

Military compensation is excluded from Maryland income, as long as the income is received by an individual who is an active service member of any of the Armed Forces, or earned by service persons outside of the United States. [Md. Code Ann., Tax-Gen. §10-207(p)(1)–(2).]

The exclusion of income is reduced dollar for dollar by the amount of income that it exceeds \$15,000, and is reduced to zero if the serviceperson receives compensation greater than \$30,000. [Md. Code Ann., Tax-Gen. §10-207(p)(1)–(2).]

Up to \$5,000 of military retirement income received by individuals under the age of 65 on the last day of the taxable year, and up to \$10,000 received by individuals who are at least 65 years old on the last day of the taxable year, is excluded from Maryland gross income. [Md. Code Ann., Tax-Gen. §10-207(q)(2), as amended by 2015 S.B. 592, effective July 1, 2015, but retroactively applicable for tax years beginning after Dec. 31, 2014.]

BNA-IITN MD 3.3.7.

Combat pay is excluded from Massachusetts gross income, to the extent that it is excluded from the taxpayer's federal adjusted gross income. [Mass. Gen. L. ch. 62, §1(c); Mass. Gen. L. ch. 62, §2(a).]

BNA-IITN MA 3.3.7.

Military compensation, including military retirement benefits, received by U. S. servicepersons are excluded to the extent they are included in federal adjusted gross income. [Mich. Comp. Laws §206.30(1)(e).]

Taxpayers born in 1946 through 1952, and who reach age 67, may deduct against all federal retirement or pension income up to \$20,000 for single filers or \$40,000 for joint filers. However, taxpayers would not be eligible for the deduction if they choose to claim a military pension exemption. [Mich. Comp. Laws §206.30(9)(b), effective Jan. 1, 2013.]

BNA-ITN MI 3.3.7.

Minnesota conforms to the federal treatment of military compensation. [See Minn. Stat. §290.01(19). See also I.R.C. §112; IRS, Publication 3, Armed Forces Tax Guide: For Use in Preparing 2014 Returns.] All Minnesota residents are required to file a Minnesota income tax return (Form M1) and must pay taxes on all sources of income. [See Minnesota Individual Income Tax Fact Sheet 5 (discusses income tax considerations for military personnel); Minnesota Individual Income Tax Fact Sheet 5a (explains different sources of military income that may be subtracted on state return).]

Minnesota residents are permitted a subtraction for the following types of income if it was included in federal taxable income:• United States military active duty;

- United Nations active duty;

- National Guard (including state) and Reserve active duty; and [Minn. Stat. §290.01(19b)(10) and (11); See Minnesota Individual Income Tax Fact Sheet 5 (discusses income tax considerations for military personnel); Minnesota Individual Income Tax Fact Sheet 5a (explains different sources of military income that may be subtracted on state return).]

- certain military retirement pay (including pensions).

[Minnesota Individual Income Tax Fact Sheet 5a (explains different sources of military income that may be subtracted on state return).]

Any Minnesota personal income tax liability is waived for the taxable year that a military member dies during active service. Additionally, outstanding liabilities and penalties for previous taxable years will be abated. [See Minnesota Individual Income Tax Fact Sheet 5 (discusses income tax considerations for military personnel); Minnesota Individual

Under Mississippi law, any military compensation in the form of salaries, wages, bonuses, or other compensation must be included in the individual's state gross income. [Miss. Code Ann. §27-7-15(1); Miss. Regs. §35.III.02.02.100; Miss. Regs. §35.III.02.04.104.]

Under federal law, military duty pay may only be taxed by the state where a member of the Armed Forces is domiciled. [Miss. Regs. §35.III.07.04.100; see also Internal Revenue Service, Publication 3 (Nov. 1, 2010).]

However, Mississippi does provide exclusions for certain types of military pay. An exclusion from gross income is provided for hazardous duty pay received by members of the Armed Forces serving in designated combat zones. [Miss. Code Ann. §27-7-15(4)(j); Miss. Regs. §35.III.07.04.104.] Additionally, an exclusion from gross income is provided for combat pay received by members of the Armed Forces below the grade of commissioned officer for any month or part of a month the member served in a designated combat zone or was hospitalized for wounds, disease, or injury incurred while serving in a combat zone. [Miss. Code Ann. §27-7-15(4)(n); Miss. Regs. §35.III.07.04.104.2; see also I.R.C. §112.]

BNA-IITN MS 3.3.7.

Missouri exempts active duty military pay from gross income. [Mo. Rev. Stat. § 143.174, as added by 2016 S.B. 814, effective August 28, 2016.]

Missouri also follows I.R.C. §112 and exempts combat pay from gross income. [Mo. Rev. Stat. §143.121.] A member of the U.S. Armed Forces who dies while in active service in a combat zone is exempt from the Missouri income tax for the taxable year or for any prior tax year ending on or after the first day of combat zone service. [Mo. Rev. Stat. §143.991(2).]

BNA-IITN MO 3.3.7.

Montana will exclude from gross income military wages received by Montana residents who are serving on active duty in the regular Armed Forces and who entered into active duty from Montana. The salary received by Montana residents serving in active duty with the national guard is exempt from state income tax. [Mont. Code Ann. §15-30-2117(2), as amended by 2015 S.B. 378, effective May 5, 2015, but applicable to tax years starting on or after Jan. 1, 2016.] Members of the Armed Forces who are not Montana residents and who are residing in Montana solely to comply with military orders are not subject to tax on compensation for military service. [Mont. Code Ann. §15-30-2117(2); see I.R.C. §112.]

BNA-IITN MT 3.3.7.

All Nebraska service members domiciled in Nebraska, including those living outside Nebraska, who are required to file a federal income tax return, must also file a Nebraska individual income tax return. If a servicemember's spouse is a resident of the same state as the servicemember, the income earned by the spouse while accompanying the service member to another state is only taxable in the state of legal residence. [Nebraska Information Guide No. 8-364-1980; see also Internal Revenue Service, Publication 3, Armed Forces Tax Guide: For Use in Preparing 2010 Returns.]

The place of residence at the time of entry into the service is presumed to be the state of legal residence, or domicile, and remains so until legal residence in another state is established. [Nebraska Information Guide No. 8-364-1980; see also Internal Revenue Service, Publication 3, Armed Forces Tax Guide: For Use in Preparing 2010 Returns.]

Military dependents and spouses with a different legal residence than the service member are not protected from a change in their residence for tax purposes. [Nebraska Information Guide No. 8-364-1980; see also Internal Revenue Service, Publication 3, Armed Forces Tax Guide: For Use in Preparing 2010 Returns.]

For taxable years beginning on or after Jan. 1, 2015, an individual may make a one-time election within two calendar years after the date of his or her retirement from the military to exclude from Nebraska income military retirement benefits included in federal adjusted gross income. The individual may elect to exclude either:

- 40 percent of military retirement income for seven consecutive years beginning with the year in which the election is made; or

- 15 percent of military retirement income for all tax years beginning with the year in which the person reaches 67 years.

Nevada does not impose an individual income tax.

BNA-IITN NV 3.3.7.

In New Hampshire, military compensation is not taxable.

BNA-IITN NH 3.3.7.

New Jersey does not include the military compensation earned from nonresident taxpayers stationed in New Jersey in gross income. [N.J. Rev. Stat. §54A:9-8.]

BNA-ITN NJ 3.3.7.

Members of the military who are residents of New Mexico must include military income in the computation of New Mexico adjusted gross income. [N.M. Stat. Ann. §7-2-2(L)(1); N.M. Admin. Code tit. 3, §3.1.9(D).] There is an exception for active duty members of the armed forces. A salary paid by the United States to a taxpayer for active duty service in the armed forces of the United States is exempt from state income taxation. [N.M. Stat. Ann. §7-2-5.11.]

BNA-IITN NM 3.3.7.

New York conforms to the federal income tax exemption for combat pay under I.R.C. §112. [N.Y. Tax Law §612(8-c).]

Members of the military who die in combat are exempt from income tax for the year which falls on their death. [N.Y. Tax Law §696(d); see New York Notice, N-03-7 (income tax relief for individuals serving in Iraq combat zone); New York Notice, N-02-5 (income tax relief for individuals serving in Iraq combat zone).]

BNA-IITN NY 3.3.7.

Although New York City does not specifically exempt combat pay includable in gross income as New York State does, New York City taxable income for an individual taxpayer is the same as its New York State taxable income. As a result, New York City has the same treatment of combat pay as New York State. [N.Y. Tax Law §1303; New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers); Instructions and Worksheets to New York Form IT-201, Resident Income Tax Return (New York State, New York City, Yonkers). Compare N.Y. City Admin. Code §11-1712 with N.Y. Tax Law §612(c)(8-c).]

BNA-IITN NYC 3.3.7.

North Carolina's tax base starts with federal adjusted gross income. As a result, the treatment of military compensation is already included in the starting point for computing North Carolina's taxable income. [N.C. Gen. Stat. §105-134.5(a), as amended by 2011 H.B. 200, effective Jan. 1, 2012. Then recodified by 2013 H.B. 998 to N.C. Gen. Stat. §105-153.4(a), effective Jan. 1, 2014.]

A legal resident of North Carolina serving in the United States military is liable for North Carolina income tax, whether the individual is stationed in North Carolina or in some other state or country. [N.C. Admin. Code tit. 17, r. 6B.3901(d).] An individual who enters military service as a resident of North Carolina is presumed to be a resident for income tax purposes. [N.C. Admin. Code tit. 17, r. 6B.3901(d).] To change residency, an individual in military service must not only be present in the new location with the intention of making it a new domicile, but must also factually establish that the individual has done so. [N.C. Admin. Code tit. 17, r. 6B.3901(d).]

BNA-IITN NC 3.3.7.

In North Dakota, military compensation is excluded from taxable income. [N.D. Cent. Code §57-38-30.3(2)(g); North Dakota Individual Income Tax Return for Full-Year Residents with No Adjustments or Credits Instructions, Form ND-EZ Instructions; North Dakota Individual Income Tax Return Instructions, Form ND-1 Instructions.]

BNA-IITN ND 3.3.7.

Ohio will tax the military compensation received by an Ohio resident taxpayer while stationed and serving in Ohio; however, nonresidents serving in Ohio will not be taxed on military compensation. Ohio will also exempt military compensation received by an Ohio resident when serving in another state. [Ohio Information Release No. IT 2008-02.] Ohio will also exempt from income any compensation attributable to service in a combat zone pursuant to I.R.C. §112. [Ohio Rev. Code Ann. §5747.024; Ohio Information Release No. IT 2008-02.]

BNA-IITN OH 3.3.7.

Oklahoma follows the federal treatment of excluding combat pay from taxable income pursuant to I.R.C. §112. [Okla. Stat. Ann. tit. 68, §2353(2).]

Additionally, after July 1, 2010, 100 percent of the compensation other than retirement pay received by any person serving in the Armed Forces will be excluded from taxable income. [Okla. Stat. Ann. tit. 68, §2358(E)(5)(b), as amended by 2014 S.B. 1723, effective Nov. 1, 2014 (extending the exemption of military compensation from income tax indefinitely).] Nonresidents stationed in Oklahoma are not taxed on income from military sources however income from nonmilitary sources is taxable. [Okla. Admin. Code §710:50-15-51.] Oklahoma will also exempt the income earned in Oklahoma by spouses of military personnel stationed in Oklahoma who have maintained domicile in accordance with their home of record. [Military Spouses Residency Relief Act of 2009, Pub L. No. 111-97.]

Income of U.S. Armed Forces members held as prisoners of war (POW) or missing in action (MIA) in Southeast Asia or Vietnam, or in any future war or conflict, and the income of his or her spouse or dependent is exempt from Oklahoma income tax during the time the member is MIA or a POW. [Okla. Stat. Ann. tit. 68, §2358.1.]

BNA-IITN OK 3.3.7.

Oregon conforms to the federal exclusion of combat pay under I.R.C. §112. [Or. Rev. Stat. §316.680(1)(c).] Additionally, Oregon provides for a \$6,000 subtraction for active duty pay. This subtraction can only be applied to income derived from active duty and cannot be used to offset income from any other source. [Or. Admin. R. 150-316-0600.] Active duty is defined as weekend drills, annual training, summer camp, special school attendance and battle assemblies performed by an active member of the Armed Services of the United States. [Or. Rev. Stat. §316.680(1)(c).]

BNA-IITN OR 3.3.7.

In Pennsylvania, military pay of members of the Armed Forces, whether combat or non-combat, is subject to personal income tax [61 Pa. Code §121.12.] except for income derived for active duty outside the state or active state duty for emergency within or outside the state. [72 Pa. Stat. §7303(a)(1).]

BNA-IITN PA 3.3.7.

Military compensation of resident taxpayers must be included in the computation of Rhode Island adjusted gross income. Military compensation paid to nonresidents is not treated as income derived from Rhode Island sources. [R.I. Gen. Laws §44-30-32(d).]

Internal Revenue Code provisions governing armed forces pay while serving in a “combat zone” or in an area under conditions that qualify for Hostile Fire Pay are applicable for Rhode Island income tax purposes. [Form RI-1040, Resident Individual Income Tax Return and Instructions.]

BNA-IITN RI 3.3.7.

South Carolina conforms to the federal treatment of military compensation. [See S.C. Code Ann. §12-6-560.] Combat zone compensation is exempt from federal and South Carolina state income taxes. [I.R.C. §112.]

South Carolina gross income does not include compensation received from the United States or any state for service in a National Guard or a reserve component of the Armed Forces of the United States for:

- the customary annual training period not to exceed 15 days for guard members or 14 days plus travel time for reserve members,

- weekend drills, and

- other inactive duty training. [S.C. Code Ann. §12-6-1120(7); South Carolina Revenue Ruling No. 09-16 (Nov. 17, 2009).]

If military reserve income is reported on the federal return, the taxpayer must add to federal taxable income the expenses related to such income. If the taxpayer itemized, the adjustment may be prorated based on the ratio of related expense to total expenses claimed, multiplied by the allowable deduction from federal. [South Carolina Individual Income Tax Return Instructions, Form SC 1040 Instructions.]

BNA-IITN SC 3.3.7.

South Dakota does not impose an individual income tax.

BNA-IITN SD 3.3.7.

Military compensation is not taxable in Tennessee. [See Tenn. Code Ann. §67-2-102; Tenn. Code Ann. §67-2-104; Tenn. Dept. of Rev., Glossary.]

BNA-IITN TN 3.3.7.

Texas does not impose an individual income tax.

BNA-IITN TX 3.3.7.

Utah conforms to the federal treatment of military compensation. [Utah Code Ann. §59-10-103(1)(a); Utah Code Ann. §59-10-103(1)(w). See also Utah Tax Comn., Military & Military Spouse Income; Utah Publication No. 57; Internal Revenue Service, Publication 3 (2010).]

BNA-IITN UT 3.3.7.

Vermont allows a subtraction from federal adjusted gross income for military pay derived from full-time active duty with the armed services that is earned outside Vermont and the first \$2,000 of military pay for National Guard or U.S. Reserve personnel in Vermont who have fully completed their unit training for the calendar year and who have a federal adjusted gross income of under \$50,000. [Vt. Stat. Ann. tit. 32, §5823(b)(3). The term “full-time active duty” does not include annual training, inactive duty for training or any other period of training for less than 15 days. See Vt. Stat. Ann. tit. 32, §5823(a)(2).] Vermont uses federal taxable income as the starting point for calculating Vermont personal income tax liability and, therefore, conforms to federal rules exempting combat pay from taxable income. [Vt. Stat. Ann. tit. 32, §5824. Compensation paid for military service in a combat zone is excluded from federal gross income. See I.R.C. §112.]

BNA-IITN VT 3.3.7.

In Virginia, individuals may subtract \$15,000 of basic pay for military service personnel on extended active duty, which include periods exceeding 90 days; however, this subtraction is reduced dollar-for-dollar by the amount that this pay exceeds \$15,000, eliminating the available subtraction when the individual earns more than \$30,000 in basic pay. [Va. Code Ann. §58.1-322(C)(23). See Virginia Ruling of the Commissioner PD 16-10 (Feb. 29, 106) (provides that taxpayer was ineligible for the active duty subtraction under Va. Code Ann. §58.1-322(C)(23), where husband was called to National Guard duty and not active duty).]

All combat pay, including hazard pay which is treated as combat pay for federal tax purposes, earned by members of the military is exempt from Virginia tax and may be subtracted in calculating Virginia taxable income. [Va. Code Ann. §58.1-322(C)(21).]

Payments for active or inactive service in the Virginia National Guard up to \$3,000, or, if less, pay for 39 days of service, for anyone below O3 rank are subtracted from federal adjusted gross income. [Va. Code Ann. §58.1-322(C)(11).] Claiming this subtraction makes an individual ineligible for the low-income credit. [See Virginia Form 760CG, Instructions and Worksheets for Virginia Individual Income Tax Return.]

BNA-IITN VA 3.3.7.

Washington does not impose an individual income tax.

BNA-IITN WA 3.3.7.

Military members participating in Operation Enduring Freedom are entitled to a subtraction from their West Virginia adjusted gross income equaling 100 percent of their combat pay that was included in the taxpayer's federal income [W. Va. Code §11-21-12e.]

The first \$20,000 received as military retirement (including the reserves and the National Guard) which is subject to federal taxation is subtracted when calculating West Virginia taxable income. [W. Va. Code §11-21-12(c)(7).]

BNA-IITN WV 3.3.7.

Wisconsin conforms to the federal treatment of military combat pay. [Wis. Stat. §71.01(6). See also I.R.C. §112; Wisconsin Fact Sheet 1118 (provides income tax guidance for active military).]

Taxpayers who are stationed in the Wisconsin for military purposes who are residents of another state do not have to include military pay in the calculation of Wisconsin taxable income. Members of the military who are also residents of Wisconsin must report their military pay in the computation of Wisconsin taxable income. [Wisconsin Publication 122 (discusses taxation of part-year residents and nonresidents); Wisconsin Fact Sheet 1118 (provides income tax guidance for active military).]

Wages earned by performance of services in Wisconsin by nonresident military spouse is not included in the Wisconsin adjusted gross income if:

- the spouse's only reason for being in Wisconsin is that the other spouse is a member of the military; and

- the spouse who earns income from performance of services includes this income in taxpayer's home state. [Wisconsin Publication 104 (provides guidance for military personnel); Wisconsin Publication 122 (discusses taxation of part-year residents and nonresidents).]

BNA-IITN WI 3.3.7.

Wyoming does not impose an individual income tax.

BNA-IITN WY 3.3.7.