

# KEEP MORE OF WHAT YOU EARN.



## COMBAT ZONE TAX EXCLUSION (CZTE)

Your military compensation is federal income tax-free when you serve in a designated combat zone or direct support area.



### WHAT YOU NEED TO KNOW



CZTE adjustments are automatically reflected on your pay statement (LES) and W-2. Review both for confirmation.



You do not have to sign up or enroll.



Medicare and Social Security taxes still apply.



**All military pay** for each month in a designated combat zone or direct support area is tax-free for enlisted members, Warrant Officers, and Commissioned Warrant Officers.



For **Commissioned Officers**, the amount of income excluded is limited to the highest rate of enlisted pay plus Imminent Danger/Hostile Fire Pay for each month in a combat zone.

**KNOW YOUR BENEFITS. BE INFORMED. BE READY.**



### WHAT IS TAX-FREE?

Federal income taxes are excluded on the following military compensation earned while in a designated combat zone or direct support area.



**Basic Pay**



**Incentive Bonuses**



**Imminent Danger/Hostile Fire Pay**



**Continuation Pay under Blended Retirement System (BRS)**



**Awards and Other Financial Incentives**

Income from submissions made while in a designated combat zone or direct support area.



**Combat Zone Injury Income**

Income earned while hospitalized from an injury sustained in a combat zone or direct support area (up to 2 years after departing combat zone or direct support area).



**Accrued Leave Sold**

Income earned in a combat zone from selling accrued leave.



### ADDITIONAL TAX ADVANTAGES



#### STUDENT LOAN REPAYMENT

Income from the portion of student loan repayment programs associated with the months spent in a designated combat zone or direct support area.



#### THRIFT SAVINGS PLAN (TSP)

Under normal circumstances, you can contribute up to the IRS Annual Elective Deferral Limit. When deployed to a combat zone, the IRS Annual Addition Limit is used instead.

## YOUR SERVICE. YOUR BENEFITS. YOUR FUTURE.

CZTE helps you keep more of your hard-earned pay so you can take care of what matters most.

KEEP MORE. SAVE MORE. PLAN MORE.

Learn more at <https://go.mil/comp-ed>

