Military Spouses Residency Relief Act and Amendments

The Military Spouses Residency Relief Act (MSRRA) is a Federal law that the Commonwealth of Pennsylvania is required to follow when determining a taxpayer’s domicile and residency. The MSRRA was signed into law on November 11, 2009 and applies to tax years beginning on or after January 1, 2009.

The MSRRA allows a service member’s nonmilitary spouse to claim an out-of-state domicile of the service member when the service member is stationed in Pennsylvania and the spouse moves to Pennsylvania to be with the service member. Further, the nonmilitary spouse is permitted to source their compensation earned while in Pennsylvania to the out-of-state domicile. In order to qualify for this treatment, the nonmilitary spouse must have the same state of domicile as the service member and have moved to Pennsylvania from another state solely to accompany the active duty service member spouse stationed within this Commonwealth in accordance with military orders.

The MSRRA was amended by the Veterans Benefits and Transactions Act of 2018 (VBTA), which was signed into Federal law on December 31, 2018. The VBTA amended the MSRRA to expand the circumstances where a service member’s nonmilitary spouse can claim out-of-state resident status while in this Commonwealth. A service member’s nonmilitary spouse can now elect the same domicile as the service member even if the spouse has a different domicile from that of the service member. The election can be made regardless of the date upon which the marriage of the spouse and the service member occurred. The VBTA amendments are applicable for tax years beginning on or after January 1, 2018.

A service member’s nonmilitary spouse whose wages or salary is exempt from Pennsylvania personal income tax under MSRRA should file a Pennsylvania Form REV-419, Employee’s Nonwithholding Application Certificate, with their Pennsylvania employer to claim exemption from Pennsylvania personal income tax withholding.

1 As amended by the Veterans Benefits and Transactions Act of 2018.