



21ST TSC LEGAL INFORMER



WINTER 2024-2025

Tax Year 2024 Income Tax Returns

By Scott McDonald, Chief of Client Services

Tax filing season is just around the corner, and there is no time like the present for servicemembers, retirees, and civilian employees, to get their financial affairs in order and begin planning. While the Army no longer provides tax preparation assistance, the following friendly reminders may help reduce or eliminate unneeded stress at this time of year.

Before Filing. Before filing, be sure to gather all your relevant tax documents. Do you have your W2 for all jobs you and your spouse worked during this tax year? Did you receive interest on any bank accounts? Did you pay on a student loan, home loan interest, or property taxes? Did you make any large donations to charitable organizations? Did you make contributions to any retirement accounts? Income is reported to the IRS from a wide variety of sources. Ensuring you have all of your relevant tax documents *before* you file will help prevent unnecessary penalties, or the hassle of later filing amended returns.

Income Exclusions. Some earned income may be excluded from your federal income. For example, servicemembers, as well as some civilian employees or contractors, who served in a combat zone during this tax year will be able to exclude some or all of their combat income from taxation. In some situations, this may also put the Earned Income Tax Credit (EITC) within reach of the filer, and result in a larger refund. Disabled veterans have their disabled pay excluded from their annual income. An additional refund may be available to disabled veterans who received a lump sum disability severance payment, or an increase in their disability percentage rating during the filing year. For more information, check out IRS Publication 525.

Unemployment Benefits. People often do not realize that unemployment benefits must be reported as income. If the hectic pace of military life and PCS cycles resulted in a spouse or partner drawing unemployment benefits, be sure to keep track and include those amounts in your federal income.

Credits, Deductions, and Exclusions. Not only may your student loan interest be deductible, but you may also be qualified for a tax credit, under the Lifetime Learning Credit, for certain qualified tuition and related expenses you paid. (Continued on next page.)



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The 21st TSC Legal Informer is the newsletter of the 21st Theater Sustainment Command (TSC) Office of the Staff Judge Advocate.

Our mission is to provide outstanding legal support to Soldiers, Civilian Employees and Family Members assigned to or supported by the 21st TSC.

Our headquarters is located in Kaiserslautern, Germany. We have branch offices in Kaiserslautern and Baumholder, Germany, Mons, Belgium, Brunssum, the Netherlands and Camp Bondsteel, Kosovo.

Copies of this and previous newsletters may be found at: https://armyeitaas.sharepoint-mil.us/sites/21TSC_SJA.

2024 Income Tax Returns (continued)

If you adopted a child, in some situations you may also be allowed to claim a credit for those expenses. However, as of 2019, spousal maintenance (alimony) payments are not deductible. Additionally, the spouse receiving the support does not have to report it as income. Does your spouse or partner earn foreign income for personal services they rendered while you are stationed OCONUS? If you meet certain requirements, that income may be excluded from your federal income. You will want to talk to a tax professional if you find yourself in that situation.

Filing Services. In addition to paid tax preparation filing services, a number of free filing services can be located on IRS.gov. These services include IRS Free File and MilTax, offered through Military OneSource. MilTax also provides live support 24/7 to both CONUS and OCONUS locations. Depending on your income level, commercial tax preparation services, such as Turbo Tax and H&R Block, may also be available for no or low cost. While most active duty taxpayers outside the U.S. will file uncomplicated state and federal tax returns, taxpayers with non-U.S. income can take advantage of exclusions, credits, or treaty based positions to reduce their tax burden or double-taxation effects. IRS tax returns for Tax Year 2024 are due April 15, 2025. Overseas taxpayers can file as late as June 15, 2025 without penalty, but must pay taxes due by April 15 to avoid interest and penalty.



Illegal Use of Government Funds

By Pete Masterton

You have been assigned to purchase T-shirts for a unit morale event and contact a local German vendor. After a brief telephone conversation, the vendor agrees to print hundreds of T-shirts with your unit logo and deliver them to your unit next week. You then contact your commander to let her know the good news - only to be told that the unit cannot use official government funds to pay for the T-shirts. When the T-shirts arrive, you are presented a bill for several thousand Euros and told that the bill must be paid within one week. The bill is made out in your name and you are afraid that you may be personally liable.

Appropriated funds can only be used for official purposes. Official purposes generally do not include purchasing special clothing, such as T-shirts with a unit logo. Unfortunately, in several recent cases Soldiers have attempted to do just that. When legal advice is sought, these Soldiers have been told that they are personally liable for the clothing bills.

Before you attempt to use government funds for unusual purchases, such as unit clothing, you should always seek advice from your unit legal advisor.

She may be able to provide you with legal options for making the purchase. For example, you may be able to let other Soldiers in the unit know of the opportunity to purchase the unit clothing and obtain private funds from those who are interested. However, the use of official government funds or your official Government IMPAC Visa card for such purchases will almost never be an option. If you attempt to do so, you may be held personally liable and may even be subject to disciplinary action for violating a federal statute (the Anti-deficiency Act).

If you have questions about this or other legal issues, contact your unit legal advisor or local legal assistance office.



New Reporting Requirement for Small Businesses and Partnerships

By Scott McDonald, Chief of Client Services

On January 1, 2024, the Corporate Transparency Act went into effect and may impact people who own at least 25% of a limited liability company (LLC), limited liability partnership (LLP), or some other business entity that included filing with a secretary of state in one of the 50 United States. The new law applies primarily to small businesses, as there is an exemption for businesses with at least 20 full-time employees and over \$5,000,000 in sales. The intent behind the Corporate Transparency Act is to strengthen anti-money laundering provisions.



Among other things, the new law requires filing a special “Beneficial Ownership” report with the Department of Treasury, the Financial Crimes Enforcement Network (FinCEN) by January 1, 2025. FinCEN is the same government agency that tracks reports of foreign bank accounts - there is a separate article on these on the next page of this newsletter. Companies and partnerships existing prior to January 1, 2024 will have until January 1, 2025 to make an initial report. Any reporting company or partnership formed between January 1, 2024 and December 31, 2024 is required to make an initial report to FinCEN within 90 days of notice of formation or registration. Any reporting company or partnership formed or registered on or after January 1, 2025 is required to make an initial report to FinCEN within 30 days of notice of formation or registration.

A “beneficial owner” is an individual who, directly or indirectly, substantially controls the business entity, or who owns at least 25 per cent of the entity. There is no maximum number of beneficial owners the entity must disclose. Whoever filed the documents needed to form the business entity is considered the “company applicant.” If more than one person filed the documents, then the person who is primarily responsible for directing or controlling the entity is the “company applicant.”

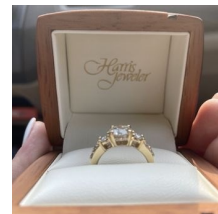
There are currently 23 different categories of exemptions. You should consult the regulations or an attorney who specializes in business entities or corporate compliance if you think you may be exempt. Unfortunately, Army legal assistance offices are prohibited by regulation from providing legal advice on private business ventures and cannot assist you with this issue.

The penalties for failure to timely report could include civil penalties of up to \$500 per day and possible criminal penalties of up to two years in prison. Additional information can be obtained at www.fincen.gov/boi.

Harris Jewelry Settlement

The Federal Trade Commission and state partners recently obtained a court order to get Harris Jewelry to reopen its refund claims portal. The original case in 2022 alleged that the company violated the Military Lending Act by deceptively claiming that financing jewelry purchases through Harris would raise servicemembers’ credit scores, misrepresenting that its protection plans were required, and adding the plans to purchases without consumers’ consent.

There are many eligible servicemembers and veterans but they only have a few weeks to apply for refunds at www.harrisjewelry.com. The deadline is December 21, 2024. For more information, visit the following Internet site: <https://consumer.ftc.gov/consumer-alerts/2024/11/did-you-finance-purchase-harris-jewelry-act-now-its-too-late-claim-your-refund>.



Report of Foreign Bank Accounts

The deadline for filing a Report of Foreign Bank and Financial Accounts (FBAR) with the Department of Treasury is April 15, 2025. FBAR filing is required for U.S. persons who had over \$10,000 in non-U.S. bank accounts (combined and converted to dollars) on any day during 2024.



The FBAR deadline coincides with the filing deadline for federal income taxes. However, the FBAR is NOT filed with your taxes and is NOT sent to the Internal Revenue Service. The

FBAR is filed with a separate agency within the Department of Treasury, the Financial Crimes Enforcement Network (FinCEN). Filing is completed online using FinCEN Form 114. More information is available at the IRS web site: <https://www.irs.gov/businesses/small-businesses-self-employed/report-of-foreign-bank-and-financial-accounts-fbar>.

On-post credit unions and the Community Bank are not considered foreign banks for FBAR purposes. Host nation bank accounts, such as accounts at a Volksbank or Sparkasse, are considered foreign accounts and must be reported on an FBAR if the threshold mentioned above is met. Whether the account produced taxable income has no effect on whether the account must be reported for FBAR purposes.

There are civil and criminal penalties for failing to file a required FBAR. Non-filers have options to become FBAR compliant, and can contact an Army legal assistance office for more information about FBAR filing requirements.



21st TSC Legal Offices

Kaiserslautern

Kleber Law Center

Kleber Kaserne, Bldg. 3210

Legal Assistance: DSN 483-8848/6782

Claims: DSN 483-8968

International Law: DSN 483-7690/8859

Trial Defense Service: DSN 483-8397

(Civilian: +49-631-411-XXXX)

Main OSJA

Panzer Kaserne, Bldg. 3004

Administrative Law: DSN 523-0470

Criminal Law: DSN 523-0488

Special Victim Team: 523-0524

(Civilian: +49-0611-143-523-XXXX)

Baumholder Law Center

Smith Barracks, Bldg. 8680

Legal Assistance: DSN 531-2445

(Civilian: +49-611-143-531-XXXX)

Northern Law Center

SHAPE (Mons, Belgium), Bldg. 318

Legal Assistance: DSN 423-4910 or 4868

(Civilian: +32-65-44-4910 or 4868)

Netherlands Law Center

USAG Benelux-Brunssum, Bldg 8

Legal Assistance: DSN 597-4182

(Civilian: +31-45-534-0182)

Kosovo Law Center

Camp Bondsteel, Bldg 1330C

Legal Assistance: DSN 781-4575

(Civilian: +383-49-774-628)



Legal Outreach

On 15 May 2024 the 21st TSC celebrated Law Day with a reception for German and American jurists from the area. The event was hosted by BG Karen Monday-Gresham, the 21st TSC Deputy Commanding General (left). Dr. Matthias Frey, the Rheinland Pfalz Undersecretary of Justice, was the German guest speaker (center). Also pictured is COL Katherine Gowel, the 21st TSC Staff Judge Advocate (right).



KAISERSLAUTERN LEGAL ASSISTANCE OFFICE

Directions to Kleber Kaserne: From Vogelweh, Ramstein, or Landstuhl take the Autobahn A6 in the direction of Mannheim. On your right you will see a large store called Möbel Martin. Make sure you are in the right lane as you take the Kaiserslautern Ost Ausfahrt (exit). Turn right as you leave the exit ramp and drive downhill until you reach a stop light. Proceed straight ahead at the intersection and follow the priority road as it curves to the right behind the Pfalz Center Mall. Enter Kleber Kaserne by the east gate. Turn right after passing the clinic. Drive north until you reach an intersection with 4 stop signs. Bldg. 3210 sits to the left of that intersection. Parking on Kleber Kaserne is difficult—allow a few extra minutes to circulate until you find an open spot. Enter Bldg. 3210 from the door on the east end of the building.

The office and hours can also be found on Google maps using the search term “Kaiserslautern Legal Services Center.”

