



DEFENSE FINANCE AND ACCOUNTING SERVICE  
ARLINGTON

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JUN - 7 2002



DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE  
FINANCE AND ACCOUNTING SERVICE (DFAS-PM/C)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation (DoDFMR), Volume 7B, Regarding Taxability of Minimum Income Widow (MIW) payments (DFAS Item Number L-41)

The attached, Interim Change Number **R 08-02** to Chapter 51 of the DoDFMR, Volume 7B is effective immediately. This change incorporates the Internal Revenue Service ruling that MIW payments are no longer a taxable item for benefits accrued on or after July 1, 1997.

We have evaluated your comments on the proposed change and included our comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.

  
Jerry S. Hinton  
Director for Finance

Attachments:  
As stated

cc: DASD (MMP)(Comp)  
OUSD(ODCFO)(FP)  
ODGC (F)  
DFAS-GAM/DE  
DFAS-PR/KC  
DFAS-PMJE/DE  
Services Liaisons  
USCG/NOAA/PHS Liaisons

**1. Paragraph 510204, revise to read:**

510204. For the months prior to July 1997, the MIW annuity was subject to federal income tax. For months subsequent to June 1997, MIW payments are not included in the annuitants' gross income for federal income tax purposes, and no withholding or reporting is required.

**2. Add bibliography as follows:****Paragraph****Citation**

510204

IRS Office of Chief Counsel Opinion , August 29, 1997