



**Department of
Taxation**

Office of the Tax Commissioner
30 East Broad St., 22nd Floor
Columbus, Ohio 43215
(614) 466-2166 Fax (614) 466-6401
tax.ohio.gov

September 3, 2010

Gregory Kowalski, Esq.
Chief Legal Counsel
Department of Veterans Services
77 S. High Street
Columbus, OH 43215

Dear Mr. Kowalski:

The Internal Revenue Service has determined that the Ohio Veterans Bonus Program payments are not income to the recipients, and do not have to be included in the recipients' computation of taxable income for federal tax purposes. This determination is in line with prior rulings regarding similar bonus payments that were made with respect to other wars. I believe that you have a copy of the letter from the IRS to Attorney General Cordray, responding to his inquiry into this issue.

The computation of Ohio taxable income begins with the taxpayer's Federal Adjusted Gross Income, or FAGI. Thus, if the payments are not included in federal income and absent an Ohio statutory provision specifically requiring such payments to be added to FAGI, they are not subject to state taxation.

Because these payments are not income to the recipients, there is no duty for the Department of Veterans Services to obtain IRS Form W-9 from the recipient, nor to issue Form 1099 showing the payment to the recipient. If you have any further questions as you implement the program, please let me know and the Department will assist you as needed.

Sincerely yours,

A handwritten signature in blue ink that reads "Christine Mesirow". The signature is written in a cursive, flowing style.

Christine Mesirow
Chief Legal Counsel