



T H E M I L I T A R Y C O A L I T I O N

201 North Washington Street
Alexandria, Virginia 22314
(703) 838-8113

February 20, 2007

The Honorable Blanche Lincoln
United States Senate
Washington, D.C. 20510

Dear Senator Lincoln:

The Military Coalition (TMC), a consortium of uniformed services and veterans associations representing more than 5.5 million current and former servicemembers and their families and survivors, is writing to thank you for introducing the Disabled Veterans Tax Fairness Act of 2007 (S. 326), a bill that would rectify a longstanding problem encountered by many disabled veterans when filing for disability compensation with the Department of Veterans Affairs (VA).

While the majority of VA disability claims are resolved in less than a year, there are numerous cases where the VA may take multiple years to reach a final disability ruling. The VA disability award is retroactive to the date of the service-connected diagnosis, and affected members must file amended tax returns to recover income taxes on military retired pay that should have been deemed tax-free disability compensation.

Because current IRS rules preclude filing amended returns for more than three tax years, TMC estimates that thousands of disabled retirees are taxed unfairly simply because of VA claims-processing errors or delays. IRS rules should be changed to allow amended returns for more than three tax years where the delay is the result of extended VA claims processing time. Your bill would extend the lookback period for amended returns to five years.

The Military Coalition appreciates your sponsoring legislation on this issue in the last session of Congress and we are grateful for your continuing leadership on behalf of our nation's disabled retired veterans.

The Military Coalition strongly supports the Disabled Veterans Tax Fairness Act and pledges to work with you to secure its enactment.

Sincerely,

The Military Coalition
(signatures enclosed)

Air Force Association
Air Force Sergeants Association
Air Force Women Officers Associated
American Logistics Association
AMVETS (American Veterans)
Army Aviation Association of America
Association of Military Surgeons of the United States
Association of the United States Army
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
Commissioned Officers Association of the U.S. Public Health Service, Inc.
Enlisted Association of the National Guard of the United States
Fleet Reserve Association
Gold Star Wives of America, Inc.
Jewish War Veterans of the United States of America
Marine Corps League
Marine Corps Reserve Association
Military Chaplains Association of the United States of America
Military Officers Association of America
Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
National Military Family Association
National Order of Battlefield Commissions
Naval Enlisted Reserve Association
Naval Reserve Association
Navy League of the United States
Non Commissioned Officers Association
Reserve Enlisted Association of the United States
Reserve Officers Association
Society of Medical Consultants to the Armed Forces
The Retired Enlisted Association
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association
Veterans of Foreign Wars of the United States
Veterans' Widows International Network