

# Tax Incentives for Guardsmen & Employees

Fiscal Year 2024 Fact sheet



# NGAUS



## The Issue

As part of an operational reserve fully integrated in ongoing national security missions at home and abroad, National Guard servicemembers continually commit more time to complete military requirements. Additionally, civilian employers provide servicemembers with increased time and flexibility to balance increased military demands and maintain healthy civilian lives with gainful employment.

◀ Marcus Construction receives the Secretary of Defense's Employer Support Freedom Award for its outstanding support shown as an employer of members of the National Guard in Willmar, Minnesota.

## Background

As the National Guard continues its role as the primary combat reserve of the Army and Air Force, military requirements to ensure soldier and airman readiness continue to increase beyond the traditional 39 day annual training structure. National Guard service is inherently part-time and policies should be enacted to ensure robust tax support for civilian employers and servicemembers.

It is critical to support civilian employers through increased financial incentives. More Reserve Component servicemembers are spending time away from their civilian employment to complete increased military and training requirements. At the same time, it is critical for them to maintain gainful civilian employment to support themselves and their families.

Congress could pass legislation that robustly supports civilian employers. This includes authorizing tax credits for employers based on the number of Reserve Component servicemembers they employ and how much qualifying military duty is performed by those servicemembers in a given year.

Additionally, Congress should continue supporting Reserve Component service by lowering the threshold for tax deductions for travel to and from military training, also known as "drill travel." The tax code currently only allows federal deductions for travel-related expenses when a servicemember travels more than 100 miles for training.

Decreasing the threshold to deduct travel expenses incurred to attend training from 100 miles to 50 miles would provide significant financial support to more Reserve Component servicemembers. This includes allowing Guardsmen or Reservists to deduct from their adjusted gross income mileage, meal, and lodging expenses incurred while traveling to and from their duty location. It will also provide them the same tax treatment offered to federal employees for their commutes and ensure military service is not unduly penalizing through the tax code.

## Recommendation

- Provide an annual tax credit to employers who employ Reserve Component servicemembers, plus an additional amount dependent on the number of days of military service each employee performed
- Reduce the threshold Reserve Component servicemembers are able to deduct military travel-related expenses from 100 miles to 50 miles



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