



CCI 653.02

EFFECTIVE DATE: 12 December 2022

By Order of the Assistant Secretary for Health:

ADM Rachel L. Levine, M.D.

SUBJECT: Withholding of State Income Tax

1. PURPOSE: This Instruction sets forth the requirements and procedures for withholding State income tax from the pay of officers of the U.S. Public Health Service (USPHS) Commissioned Corps.
2. APPLICABILITY: This Instruction applies to:
 - 2-1. All Public Health Service (PHS) officers serving on active duty or inactive duty training with pay status, and Ready Reserve officers.
 - 2-2. This Instruction does not apply to retired PHS officers or annuitants of PHS officers. For information on withholding of state tax from the pay of retired officers, see [Commissioned Corps Instruction \(CCI\) 661.02](#), "Taxation of Retired Pay."
3. AUTHORITY:
 - 3-1. [5 U.S.C. § 5517](#), "Withholding State Income Taxes"
 - 3-2. [5 U.S.C. § 5516](#), "Withholding District of Columbia income taxes"
 - 3-3. [50 U.S.C. § 4001](#), "Residence for tax purposes"
 - 3-4. [E.O. 11997](#), "Withholding of District of Columbia, State, city and county income or employment taxes"
 - 3-5. [31 C.F.R. § 215](#), "Withholding of district of Columbia, state, city and county income or employment taxes by federal agencies"
4. PROPONENT: The proponent of this Instruction is the Assistant Secretary for Health (ASH). The Surgeon General (SG) supervises activities relating to the day-to-day operations of the USPHS Commissioned Corps. The Director, Commissioned Corps Headquarters (CCHQ), provides overall management of USPHS Commissioned Corps personnel operations and processes.
5. SUMMARY OF REVISIONS AND UPDATES: This is the first issuance of this Instruction within the electronic Commissioned Corps Issuance System (eCCIS) and replaces Commissioned Corps Personnel Manual (CCPM) CC 22.7.3 dated 12 November 1985. This version:

- 5-1. Reformats the policy in adherence with the CCI format.
- 5-2. Introduces new authority: [50 U.S.C. § 4001](#).
- 5-3. Updates Sections 6. and 8. to incorporate information in new authorities.
- 5-4. Adds the Financial Services Branch (FSB) as a responsible party for administering PHS officer's deductions and withholdings from pay and allowances.
- 5-5. Updates tables found in Appendix A to account for changes in state income tax laws.
- 5-6. Removes Subsection 8-1.d. because information about personnel records is not needed in the body of the policy. PHS officers can refer to [CCI 211.02](#), "Rights, Responsibilities and Personnel Records of PHS Commissioned Officers Under the Privacy Act," for more information about personnel records.

6. POLICY:

6-1. State Income Tax Liability.

- a. Each state determines its own state taxation laws and approach for collecting and handling income tax withholding. PHS officers must follow their State of Legal Residency's income tax regulations and those of other states and/or local jurisdictions where they lived or worked.
- b. As specified in the Servicemembers' Civil Relief Act, officers will not lose their residence or domicile resulting from any state income tax liability due to being absent or present in any tax jurisdiction of the U.S. while complying with USPHS Commissioned Corps or military orders.

7. RESPONSIBILITIES:

7-1. The ASH is responsible for establishing policies related to the management of the USPHS Commissioned Corps.

7-2. The SG is responsible for the day-to-day management of the USPHS Commissioned Corps and is responsible for establishing Personnel Operations Memorandums (POM) through the eCCIS.

7-3. The Director, CCHQ, or designee, is responsible for the overall administration and management of all the personnel processes listed in this Instruction and any operational guidelines established by the SG.

7-4. The Financial Services Branch (FSB) is responsible for administering officer's deductions and withholdings from officer's pay and allowances.

7-5. All PHS officers are responsible for adhering to the guidelines and procedures listed in this Instruction, as well as any additional guidance provided by the SG or Director, CCHQ.

8. PROCEDURES:

8-1. State Income Tax Withholding.

- a. The USPHS Commissioned Corps will report state taxable wages of PHS officers to states where officers have their State of Legal Residence (if the state has a state income tax).

- (1) Officers must ensure that FSB has recorded their correct official State of Legal Residence.

- (2) If officers owe income tax to jurisdictions other than their official State of Legal Residence, they must contact FSB with the correct information for accurate withholding.

- b. FSB will use [Form DD 2058](#), "State of Legal Residence Certificate," to: determine State of Legal Residence for purposes of tax withholding, record changes in the State of Legal Residence, and notify the tax authorities of an officer's previous State of Legal Residence of any change in the officer's State of Legal Residence.

- (1) Officers living in states that have an income tax must complete a certificate of tax withholding for that particular state. Officers may obtain such certificate from the taxing authorities of that state. If such a certificate

is not available from the state, officers may use IRS Form W-4 and make a change in the form to indicate that it applies to state tax rather than Federal tax.

- (2) Officers changing their State of Legal Residence must complete [Form DD 2058](#) and [PHS-6353](#), "Public Health Service Commissioned Officer's State Tax Withholding Allowance Certificate."
 - (3) Officers must submit the completed forms and appropriate state tax withholding certificate to FSB. FSB encourages officers to submit the form digitally to FSB, Compensation, via:
 - (a) The Electronic Corps Mass Communication System (eCMCS), accessed via the Officer Secure Area of the [USPHS Commissioned Corps website](#);
 - (b) Email to: PHSCCHQCompensation@hhs.gov; or
 - (c) Physically to:

Commissioned Corps Headquarters – FSB, Compensation
1101 Wootton Parkway, Suite 300
Rockville, MD 20852
 - (4) The amount of tax deducted from the officer's pay will follow the withholding schedule prescribed by each state, based on the number of exemptions claimed by the officer on the appropriate state withholding exemption certificate.
- c. If an officer on a call to duty has not completed a form specifying a state for state income tax withholding purposes, FSB will not withhold any state tax. However, FSB will record the amount of state taxable wages and report it to the state listed as "home of record" upon call to duty.

9. HISTORICAL NOTES: This is the first issuance of this Instruction within the eCCIS.

9-1. CCPM CC 22.7.3 "Withholding of State Income Tax," dated 12 November 1985.

Appendix A

Jurisdictions with Which the Secretary of the Treasury has Entered into Agreements for Withholding State Income Tax

Alabama	Kansas	New York
Arizona	Kentucky	North Carolina
Arkansas	Louisiana	North Dakota
California	Maine	Ohio
Colorado	Maryland	Oklahoma
Connecticut	Massachusetts	Oregon
Delaware	Michigan	Pennsylvania
District of Columbia	Minnesota	Puerto Rico
Georgia	Mississippi	Rhode Island
Hawaii	Missouri	South Carolina
Idaho	Montana	Utah
Illinois	Nebraska	Vermont
Indiana	New Jersey	Virginia
Iowa	New Mexico	West Virginia
		Wisconsin

Jurisdictions with No State Income Tax

Alaska	New Hampshire	Texas
Florida	South Dakota	Washington
Nevada	Tennessee	Wyoming