



DEFENSE FINANCE AND ACCOUNTING SERVICE  
ARLINGTON  
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OCT 18 2006

DFAS-NP

MEMORANDUM FOR DIRECTOR FOR ACCOUNTING AND FINANCE POLICY, OFFICE OF  
THE UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
DIRECTOR, FINANCE MISSION AREA, STANDARDS AND  
COMPLIANCE, DEFENSE FINANCE AND ACCOUNTING  
SERVICE

SUBJECT: Interim change to the Department of Defense Financial Management Regulation  
("DoDFMR"), Volume 7B, Regarding Monthly Distribution of State Income Tax  
Withholding (SITW) (DFAS Item # P-52)

Attached is Interim Change **R05-06** to Volume 7B, Chapter 26 of the "DoDFMR". This  
change revises the frequency of SITW distribution from quarterly to monthly and is effective  
immediately.

Assignment of this interim change number is authority for the Director for Finance  
Mission Area to initiate a procedural modification to implement this change. This office requests  
that the Director for Accounting and Finance Policy post a copy of this interim change to the  
"DoDFMR" web site.

*for Patrick T. Beckwith*  
Richard D. Davis  
Director, Policy and Performance  
Management

Attachment:  
As stated

cc: DFAS-DG/CL  
DFAS-PM/IN (Eric Reid)  
DFAS-PM/CL (Bill Tyminski)  
DoD-DHRA/OCG  
OUSD (C) (ODCFO)(A&FP)  
Service Liaisons  
USCG/NOAA/PHS Liaisons

**STATE TAX DISBURSEMENT OF RETIRED PAY**

1. Revise paragraph 260301 to read:

260301. The Uniformed Services will disburse amounts withheld to the states in the month following the month of collection. Payment procedures and state income tax withholdings shall follow the usual fiscal practices of the Uniformed Services.

2. Add to the Bibliography:

**Paragraph****Citation**

260301

Public Law 109-163, Section 661, January 6, 2006

## ***Subtitle D—Retired Pay and Survivor Benefits***

### ***SEC. 661. MONTHLY DISBURSEMENT TO STATES OF STATE INCOME T WITHHELD FROM RETIRED OR RETAINER PAY.***

*Section 1045(a) of title 10, United States Code, is amended in the third sentence—*

*(1) by striking “quarter” the first place it appears and inserting “month”; and*

*(2) by striking “during the month fbi/owing that calendar quarier” and inserting “during the following calendarimonth”.*