

Supplemental Basic Allowance for Housing Payments to Members of the Military are not Taxable

Cross References

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The IRS has confirmed that supplemental basic allowance for housing payments made to members of the uniformed services in December 2025 are not to be included in income by those who received the payments; they are not taxable.

In the One Big Beautiful Bill Act (OBBBA) enacted last July, Congress appropriated \$2.9 billion to supplement the basic allowance for housing payable to members of the uniformed services. In December, President Trump announced that 1,450,000 military service members would receive a special "Warrior Dividend" before Christmas.

The resulting one-time supplemental payments of \$1,776 made primarily to active-duty members of the uniformed services in the pay grades of O-6 and below and eligible Reserve Component members as of November 30, 2025, of the Army, Air Force, Navy, Marine Corps and Space Force were funded by this appropriation.

Federal tax law specifically excludes from gross income a "qualified military benefit." The basic allowance for housing payments are qualified military benefits and, therefore, are not taxable.