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Title: 5, United States Code  
Chapter: 84, Federal Employees' Retirement System, Subchapter III, Thrift Savings Plan  
Bulletin: 88-1, Taxation of Thrift Savings Plan Contributions for Residents of Puerto Rico  
Date: January 20, 1988  
To: TSP Payroll Office Representatives  
TSP Personnel Office Representatives  
TSP Automated Data Processing Representatives

The purpose of this bulletin is to correct information provided in Thrift Savings Plan Bulletin 87-61, Guidelines on Tax Reporting for Employee Contributions to the Thrift Savings Plan, dated December 23, 1987. Bulletin 87-61 incorrectly included the Territory and Possessions of Puerto Rico in the attachment of states and territories that do not exempt Thrift Savings Plan (TSP) contributions from state taxes.

The Territory and Possessions of Puerto Rico exempt that portion of a participant's salary that is contributed to the TSP. Puerto Rico will tax the distribution from a participant's TSP account as ordinary income when it is received by the participant.

The 1987 IRS Form W-2 for residents of the Territory and Possessions of Puerto Rico should show TSP employee contributions as deferred income as defined in TSP Bulletin 87-61.

  
CLYDE G. McSHAN, II  
Director

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