



MONTANA 2008

Income Tax Booklet For Estates or Trusts

Dear Montana Taxpayer:

Your Montana Department of Revenue is committed to providing the best possible tax services to the citizens and businesses of our great state. We promise to do the best we can

- to provide you with the most accurate and timely assistance to help you file your tax returns, and
- to ensure that all citizens and businesses pay their fair share of Montana taxes—no more and no less.

We thank you for filing and paying Montana taxes. By paying taxes, you support public services that help make Montana a great place to live, work and conduct commerce. Inside this booklet you'll find charts that show how your tax dollars contribute to Montana's quality of life through education at all levels, modern infrastructure, public order, community health and safety, and other important public services.

Finally, we continue to work for you. Please let us know how we are doing—so that we can do an even better job for you—by completing the improvement survey attached to the instruction booklet. For your convenience, it is addressed with postage paid. In addition, you may contact us with any questions or requests by sending an e-mail message to *DORFormsDesignTeam@mt.gov* or by calling us toll free at (866) 859-2254 (in Helena 444-6900).

Thank you for helping make our tax system work for all Montanans!

Best regards,

Dan Bucks, Director
Montana Department of Revenue

Important Numbers

Tax Questions and Assistance toll free (866) 859-2254 (in Helena, 444-6900)
Forms Request toll free (866) 859-2254 (in Helena, 444-6900)
For the Hearing Impaired (406) 444-2830
Fax..... (406) 444-6642

Table of Contents

Page

General:

Instructions

1-14

Forms included in this booklet:

FID-3	Montana Income Tax Return for Estates and Trusts	Form pages 1-2
Schedule I	Distribution to Beneficiaries	Form page 3
Schedule II	Nonresident Estate and Trust Tax	Form page 4
Schedule III	Montana Tax Credits	Form page 5
Schedule IV	Credit for an Income Tax Liability Paid to Another State or Country	Form page 6
Schedule V	Reporting of Special Transactions	Form page 6

You may download the forms and instructions from mt.gov/revenue. To request paper forms and instructions, please call us toll free at (866) 859-2254 (in Helena, 444-6900), e-mail us at dorforms@mt.gov or write us at Montana Department of Revenue, PO Box 5805, Helena, Montana 59604-5805.

Fiscal Year Filers - Please Note:

These are your Montana Income Tax Return for Estate and Trust forms for the tax year beginning in 2008. Retain this booklet for your 2008 filing purposes.

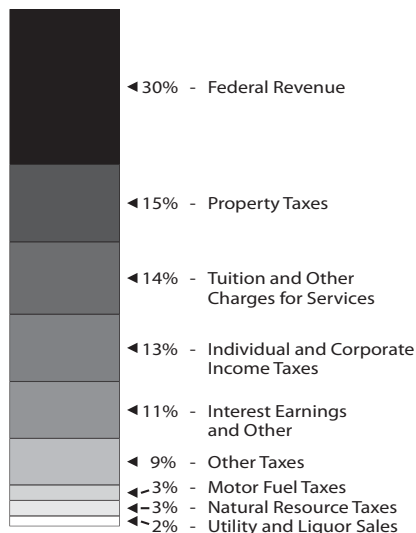
Your Tax Dollars at Work

The table to the right shows where your individual and corporate income tax dollars (about 13% of total state and local revenues) were spent in 2007. For the charts below, the left chart shows the sources of revenue for both state and local governments in Montana for 2006, the most recent year for which totals are compiled. The right chart shows state and local spending.

Education	49%
Health and Human Services	20%
Public Safety and Corrections.....	11%
Transfers to Local Governments.....	6%
General Government Operations.....	9%
Other	5%
Total Spending.....	100%

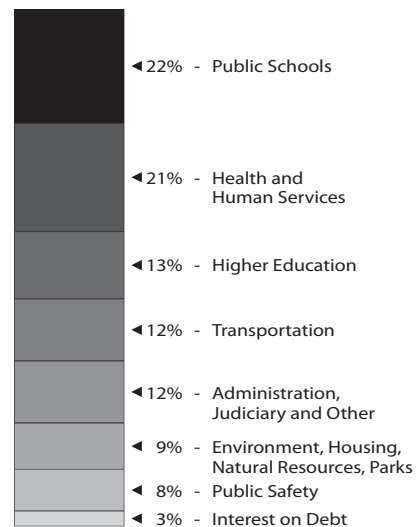
What are Montana’s Public Revenues?

Total Montana State and Local Revenue, Fiscal Year Ending 2006



Where Do Your Public Dollars Go?

Total State and Local Spending in Montana, Fiscal Year Ending 2006



What's New for 2008

Voluntary Check-Off Contribution for Montana Military Family Relief Fund. Please consider helping Montana military families by making a voluntary contribution to this fund as you file your tax return. The relief fund provides grants that aid Montana families in defraying the costs of food, housing, utilities, medical services and other expenses when a wage earner has been called to active military duty. As always, we encourage you to consider all the available voluntary check-off programs included on page 2 of Form FID-3.

Montana Mineral Royalty Tax Withholding. Effective January 1, 2008, royalty payments made to owners of Montana mineral rights are subject to state income tax withholding if applicable thresholds are met. If the mineral rights are held by a partnership or S corporation and you have an ownership interest in that entity, enter the amount reported to you as your share of the withholding. Please see the instructions for line 50 on page 6 for more information.

Temporary Emergency Lodging Credit. For tax years beginning on or after January 1, 2008, there is a refundable credit available for licensed establishments that provide short-term emergency lodging under the Temporary Emergency Lodging Program. The program helps provide lodging for individuals or families who have been displaced from their residence and have been referred to the establishment by a charitable organization approved by the Montana Department of Public Health and Human Services. The credit is equal to \$30 for each day of lodging provided by the establishment and is limited to five nights' lodging for each individual. See the instructions for Schedule III, line 27, on page 13 for more information.

Extension of Time to File. The extension of time available to file the Montana Form FID-3 is now five months instead of six months. This change is based on Internal Revenue Service regulations that reduced the extension of time to file Form 1041, U.S. Income Tax Return for Estates and Trusts. This is effective for extension requests with respect to tax returns due on or after January 1, 2009 and applies to business entities that have a tax year ending on or after September 30, 2008. This does not change the process for requesting an extension of time to file.

Economic Stimulus Act of 2008. This federal act provided a significant tax incentive for businesses to make capital investments by adding a special 50% depreciation allowance for qualifying purchases. This special "bonus depreciation" allowance is available to all businesses and applies to most types of tangible personal property and computer software acquired and placed in service after December 31, 2007, and before January 1, 2009. The Montana tax provisions, with respect to the additional 50% special depreciation allowance for qualified property, incorporate Section 167, IRC. Therefore, the special depreciation allowance on federal Form 4562 is an allowable deduction in determining the ordinary income or loss for Montana income tax purposes.

Please Note As Well...

Interest on Unpaid Income Tax Liabilities. The current interest rate of 8% will continue to be in effect through December 31, 2009. Under Montana law, the daily accrual interest rate for all unpaid income taxes depends on the rate set by the Internal Revenue Service and may fluctuate each year, but will not be less than 8%.

General Information

Who Has to File Form FID-3?

The fiduciary of a Montana estate or trust (guardian, trustee, executor, administrator, receiver, conservator, or any person acting in a position of trust or fiduciary capacity for any other person or group of persons) has to file a Montana Income Tax Return for Estates and Trusts (Form FID-3) if:

- a resident trust or estate has Montana adjusted total income of \$2,140 or more,
- a nonresident trust or estate has Montana adjusted total income of \$2,140 or more.

A tax return is not required to be filed if the estate or trust is held for an educational, charitable or religious purpose.

If an estate or trust is not required to file a federal tax return, it is not required to file a Montana tax return. No distinction is made between living trusts (created by the grantor and funded during his or her lifetime) and testamentary trusts (becoming operative upon the death of the grantor).

When you file Form FID-3, please attach a complete copy of your federal Form 1041, including all federal Schedule K-1(s).

Resident Estate or Trust

An estate is treated as a resident estate if the decedent was domiciled in Montana on the date of his or her death. If the estate is other than an estate of a decedent, it is treated as a resident estate if the person for whom the estate was created is a Montana resident.

A trust is treated as a resident trust if three or more of the following occur in Montana:

- Domicile of the grantor
- Creation of the trust
- Existence of trust property
- Domicile of the trustee
- A Montana court is able to exercise primary supervision over the administration of the trust
- Administration of the trust (one or more Montana residents have the authority to control all substantial decisions of the trust)

Nonresident Estate or Trust

If the estate or trust does not qualify as a resident estate or trust, it is treated as a nonresident trust.

With a nonresident estate or trust, your Montana tax liability is computed as if you were a resident estate or trust, and then multiplied by the ratio of the estate's or trust's Montana source income to total income.

Please refer to the instructions on page 9, Schedule II, Nonresident Estate and Trust Tax.

What Forms Have to be Filed?

The fiduciary is required to file Form FID-3, pages 1 and 2; Schedule I, Distribution to Beneficiaries; Schedule II, Nonresident Estate and Trust Tax, if applicable; Schedule III, Montana Tax Credits, if applicable; Schedule IV, Credit for an Income Tax Liability Paid to Another State or Country, if applicable; and Schedule V, Reporting of Special Transactions, if applicable.

When to File

The Montana filing period is the same as your federal filing period. For a calendar year estate or trust, Form FID-3 is due on April 15 following the close of the taxable year. For fiscal year estates and trusts, Form FID-3 is due on or before the 15th day of the 4th month following the close of the tax year. If the due date falls on a weekend or a holiday, the tax return is due on the next business day.

Tax Year or Accounting Method Covered by Tax Return

The 2008 Form FID-3 must be filed for the calendar year 2008, or the fiscal year beginning in 2008. If the tax return is for a fiscal year or a short tax year (less than 12 months), enter the taxable year in the appropriate space at the top of Form FID-3, page 1.

The taxable year and accounting method for Montana must be the same as the year and accounting method used for federal income tax purposes. If the estate or trust changes its federal taxable year or accounting method, it must change its Montana taxable year and accounting method accordingly. A copy of the approval from the Internal Revenue Service to change your accounting period or method must accompany the first tax return that reflects the change.

Check the box "Final Return" on Form FID-3, page 1 if the estate or trust ceased to exist during the 2008 tax year.

Where to File

Please mail your fiduciary tax return to:

Montana Department of Revenue
PO Box 8021
Helena MT 59604-8021

Electing Small Business Trust (ESBT)

If the trustee makes the election under IRC Section 1361 for the trust to be an electing small business trust (ESBT) for federal purposes, the trust will be treated as an ESBT

for Montana income tax purposes. No separate election for Montana purposes is required.

Special rules apply when computing the tax of an ESBT. The portion of an ESBT that consists of stock of one or more S corporations, which is treated as a separate trust for federal tax purposes, is combined with the remainder (non S corporation portion) in computing Montana adjusted total income or loss. The Montana tax liability is calculated in the usual manner, using the regular tax table, on the combined income of the ESBT.

If the ESBT consists entirely of stock in one or more S corporations, complete Form FID-3 reporting the income, losses and deductions of the ESBT as an S corporation shareholder, and any gain or loss from the disposition of S corporation stock as Montana adjusted total income. Attach to the estate or trust tax return the tax computation used in reporting and paying your federal income tax liability.

Grantor Type Trust

If the grantor or another person is treated as the owner of any portion of a trust by reason of the provisions of IRC Section 671 through 678, inclusive, of the Code, the trust is a grantor trust and its income is taxable to the grantor or such other person, not to the trust. The fiduciaries of grantor trusts are required to file with the department informational tax returns and send copies to the grantors/owners who are required to report the income, deductions, and credits on their Montana individual income tax return. Complete Form FID-3 (reporting the income, losses, and deductions of the grantor trust), check the box "Grantor Type Trust" and attach a copy of the federal Form 1041 information statement.

Extension of Time to File

NEW For fiduciary tax returns due on or after January 1, 2009, the automatic extension is now five months instead of six months. If you cannot file your tax return by the due date, Montana allows the extension of time to file your tax return if you meet both of the following requirements:

1. On or before the due date of your tax return, you have applied with the Internal Revenue Service for an extension of time to file your federal income tax return (federal extension Form 7004).
2. The estate or trust has paid by estimated tax payments, withholding tax, or a combination of estimated tax payments and withholding tax, 90% of the estate's or trust's current year tax liability or 100% of its previous year's tax liability.

A valid federal extension is not considered a valid Montana extension unless the estate or trust has met one of the payment requirements identified in item number 2 on or before the prescribed due date of the tax return.

NEW Complete the Montana EXT-FID-08 Worksheet to determine if you have met the payment requirements. The new EXT-FID-08 Worksheet replaces the EXT-08 Worksheet for use by estates and trusts. If you are required to make an extension payment, use the tax payment

coupon included on the Montana EXT-FID-08 Worksheet available at mt.gov/revenue.

You must check the extension indicator box on Form FID-3 and attach a copy of your federal extension Form 7004 to your completed Montana income tax return. Do not send copies of the federal extension prior to filing your tax return.

Important: An extension of time to file is not an extension to pay. If you do not pay the amount of tax due by the original due date, you will owe interest and penalties on any balance due.

If you do not meet these requirements, your extension will not be accepted and penalties will be assessed.

Amended Tax Return

If you discover that your income tax return was incorrect, you have five years from the due date of the original tax return to file an amended Montana fiduciary tax return and to correct any mistake on your previous tax return.

Use FID-3 to amend an original tax return. Check the box at the top of the form that this represents an amended filing. Attach the applicable forms and statements that will explain all of your adjustments in detail. Complete the entire Form FID-3 and its applicable schedules using the corrected amounts. If your amended tax return results in a change to income or a change in the distribution of income or other information provided to any beneficiary, you will also need to file an amended federal Schedule K-1 along with your amended Form FID-3. You will need to give a copy of the amended tax return to each beneficiary.

If you are amending your tax return to carry back a net operating loss, please check the "NOL" box found on the upper left hand corner of Form FID-3.

If the Internal Revenue Service changes or makes corrections to your federal Form 1041 or if the estate or trust amends its federal tax return, you will need to amend your Form FID-3 within 90 days of receiving the Internal Revenue Service's notification of the corrections made to your federal Form 1041 or filing your amended federal tax return.

Please Note: If you file an amended tax return that reflects an increased tax liability, you may have the late payment penalty waived. In order to receive the waiver, simply check the "Amended Return" box on the left-hand corner of the tax form and pay the tax and applicable interest in full. By checking this box, you are requesting a waiver of the late payment penalty.

Tax Preparer Contact Box

You can authorize the department to discuss your Form FID-3 tax return with your tax preparer by checking the "Yes" box at the bottom of page 2 below the signature block on the tax return. If you check this box, we may contact your tax preparer or you for additional information for this year only. It does not authorize us to discuss any other tax return or tax issue with your preparer. We will inform

you, not the tax preparer, if any formal tax adjustments are made.

Estimated Tax Payments

You are required to pay your income tax liability throughout the year. A payment of estimated Montana income tax is generally required if the Montana income tax (after tax credits) minus Montana income tax withheld and mineral royalty tax withheld is \$500 or more.

NEW Form ESW-FID, 2009 Montana Fiduciary Estimated Income Tax Worksheet, is now available at mt.gov/revenue to assist you in calculating your 2009 estimated income tax. The Form ESW-FID replaces Form ESW for use by estates and trusts.

Additional Information

If you are unable to pay your tax in full, file your tax return by the due date and pay as much as you can with the tax return. If you need to establish a payment plan with us, call toll free at (866) 859-2254 (in Helena, 444-6900) as soon as possible to discuss payment options and make payment arrangements.

Who Has to Sign the Tax Return?

Form FID-3 has to be signed and dated by the fiduciary or officer representing the fiduciary. Form FID-3 is not considered to be complete unless it is signed. Unsigned forms may be returned to you to be completed. If your estate or trust has an outside accounting firm or an individual prepare Form FID-3, the name, address and telephone number of the tax preparer has to be included on your tax return.

Form FID-3 Instructions

These are instructions for lines not fully explained on the form. General instructions, which begin on page 1, also apply to this form.

Heading. File the 2008 tax return for calendar year 2008 or a fiscal year that begins in 2008 and ends in 2009. For a fiscal year, provide the tax year in the space at the top of the form.

Complete the exact name of the estate or trust from federal Form SS-4 (Application for Employer Identification Number) that you used to apply for your Federal Employer Identification Number (FEIN).

If a grantor type trust, write the name, identification number and address of the grantor(s) or other owner(s) in parentheses after the name of the trust.

Enter the FEIN that was assigned to the estate or trust when you submitted your SS-4 and that corresponds to the name of the estate or trust. Do not use any other FEIN.

Check Boxes

Residency status. Check the appropriate box that describes the residency status of the estate or trust. See resident and nonresident estate or trust definitions on pages 1 and 2 of these instructions.

Type of entity. Check the appropriate box that describes the entity for which you are filing the tax return. Your entity type is the same as claimed on your federal tax return.

Decedent's Estate – taxable estate of a deceased person

Trust – simple, complex or qualified disability trust

ESBT – for examples and additional information see the instructions on page 2.

Grantor Trust – for examples and additional information see the instructions on page 2.

Other – examples include bankruptcy estates and pooled income funds

Form PT-WH income tax. If you have income tax withheld from ownership in an S corporation, partnership or disregarded entity, check the box on the front of Form FID-3 and see the instructions for line 51 on page 7.

Line Instructions

Lines 1 through 8 – Enter all items of income or loss reported on your federal income tax return. Attach copies of applicable federal schedules and forms.

Line 2a – Ordinary Dividend Income. Enter total amount reported on line 2a of federal Form 1041. Montana taxes dividends as ordinary income and does not recognize the federal qualified dividend tax rate.

Line 9 – Total Federal Income. Add lines 1 through 8. This is your federal total income and must match your federal total income reported on federal Form 1041. If you are an ESBT, see page 2 of these instructions.

Montana Additions to Federal Taxable Income

Line 10 – Interest and Mutual Fund Dividends from Other States' State, County or Municipal Bonds. Enter the interest income from state and local government obligations, except for Montana and its political subdivisions, that is exempt from federal income tax and the portion of dividends received from a mutual fund that is attributable to the fund's investment in the same kinds of obligations. Interest and dividends from Montana bonds are not taxable.

Line 11 – Dividends Not Included in Federal Total Income. Enter the amount of the dividends that you received as Montana source income that are not already included in your total federal income. Do not include your qualified dividends reported on Form FID-3, line 2b since these dividends are already in the total of your ordinary dividends reported on Form FID-3, line 2a.

Line 12 – Taxable Federal Refund. If you claimed a federal tax deduction, either by withholding or by payment of an estimated tax in a prior year, any refund of that tax is income in the year it is received.

Line 13 – Other Recoveries. If you claimed a deduction in a prior year that reduced the Montana taxable income and it was subsequently reimbursed, please show that reimbursement here.

Line 14 – Federal Net Operating Loss (NOL). Enter the federal NOL carryforward if it is included in line 8 and if it is different than the amount available for carryforward for the Montana tax return.

Line 15 – Other Additions. To compute Montana taxable income, certain items have to be added to income. You will need to attach a detailed schedule, if necessary, to the tax return. Examples are:

- State, local and foreign income taxes based on income or profits have to be added back to income.
- Compensation and expenditures used to compute the film production credit have to be included in the income of the year that the expenditures were incurred.
- If you were the owner of a business that received a tax credit from the Insure Montana Small Business Health Insurance program, you are not allowed a deduction for the premiums used to calculate the credit. Because the credit cannot exceed 50% of the premiums, multiply the amount of credit you are claiming by two and enter the result on this line.

Line 16 – Total Additions. Add lines 10 through 15 and enter the result on this line.

Montana Subtractions from Federal Taxable Income

Line 17 – Interest from U.S. obligations. Enter the following on this line if included in the amount on line 1:

- Interest income from U.S. obligations. Common sources of interest income that may be entered on this line include U.S. Series E, EE, F, G, and H savings bonds, U.S. Treasury bills and notes, and securities issued by the Banks for Cooperatives, Commodity Credit Corporation, Federal Deposit Insurance Corporation, Federal Farm Credit System, Federal Home Loan Banks, and Student Loan Marketing Association.
- Interest income from other securities that is specifically exempted from state income tax by federal statute.
- The portion of dividend income from a mutual fund attributable to the fund's investment in the same kinds of securities listed above. Refer to federal Form 1099-DIV to determine what percentage of dividends qualifies for this exemption.

Obligations that are guaranteed by the United States government are not tax exempt. Interest or mutual fund dividends attributable to Government National Mortgage Association (Ginnie Mae) bonds, Federal National Mortgage Association (Fannie Mae) bonds, or Federal Home Loan Mortgage Corporation (Freddie Mac) securities, cannot be subtracted.

Line 18 – State Tax Refunds. If a state tax refund is included on line 8, deduct it here.

Line 19 – Other Recoveries. If a recovery was shown as income on line 8, but the original deduction did not reduce Montana taxable income, deduct it here.

Line 20 – Partial Pension and Annuity Exemption. If taxable retirement income is included on line 8, you may be able to exempt up to \$3,600 of taxable pension and annuity income. Qualifying pension and annuity income is reported on federal Form 1099-R, with a distribution code 7. Premature distributions and early withdrawals of your retirement income do not qualify for the retirement income exclusion. Early distributions which required payment of the federal 10% additional tax do not qualify for this exemption. Also, if you have received a disability pension, which is identified as a distribution code 3 on your federal Form 1099-R, you should use Montana Form DS-1, 2008 Disability Income Exemption, to determine your deduction instead of the retirement income exclusion.

Tier I and Tier II Railroad Retirement benefits received from the Railroad Retirement Board are exempt from Montana tax. Enter the full amount of Tier II annuity or pension benefits reported on line 8 as a reduction to income on line 20. To calculate your pension and annuity income exclusion, use the worksheet on this page.

Partial Pension and Annuity Income Exemption Worksheet

1. Enter the federal total income from line 9 here 1. _____
 2. Phase-out limitation 2. \$30,000
- If line 1 is smaller than line 2, enter the smaller of the pension and annuity income or \$3,600 on line 20. Stop here; do not complete the remainder of this worksheet.
3. If line 1 is larger than line 2, subtract line 2 from line 1 and enter the result here..... 3. _____
 4. Enter the smaller of the pension and annuity income or \$3,600. 4. _____
 5. Double the amount on line 3 and enter the result here..... 5. _____
 6. Pension and annuity exclusion. Subtract line 5 from line 4. If the result is zero or negative, there is no exclusion. If the number is positive, enter the result here and exclude this amount on Form FID-3, line 20. This is your partial pension and annuity exemption. 6. _____

Line 21 – Montana Net Operating Loss. Use Form NOL for calculating your net operating loss for tax years beginning after December 31, 1998. You must carry back the entire amount of your 2008 net operating loss to the two preceding tax years before the net operating loss unless you have timely elected to forego your carryback and elect to carry forward your net operating loss. Your election to forego the carryback must be made by the due date of your tax return and, once it is made, it is irrevocable. Use Form NOL-Pre 99 for calculating your net operating losses for tax years beginning prior to January 1, 1999. Attach your completed NOL Worksheet to your tax return.

Line 22 – Other Subtractions. Please specify. Attach information if necessary.

Line 23 – Total Subtractions. Add lines 17 through 22 and enter the result on this line.

Line 24 – Total Montana Income. Add lines 9 and 16, then subtract line 23 and enter the result here.

Deductions and Exemption

Line 25 – Interest. Enter the amount from line 10 of federal Form 1041. Check the box if federal Form 4952 is attached.

Line 26 – Federal Income Tax. Enter 100% of the federal income tax paid or accrued within the tax year. As an estate or trust, the federal income tax deduction is not limited to the lesser of \$5,000 or the amount of federal income tax paid or accrued. Do not include state taxes paid.

Line 27 – Other Taxes. Please specify.

Line 28 – Fiduciary Fees. Enter the amount from line 12 of federal Form 1041.

Line 29 – Charitable Deduction. Enter the amount from line 13 of federal Form 1041.

Line 30 – Attorney, Accountant and Tax Return Preparer Fees. Enter the amount from line 14 of federal Form 1041.

Line 31 – Other Deductions Not Subject to the 2% Floor. Please attach a schedule if applicable.

Line 32 – Allowable Miscellaneous Itemized Deductions Subject to the 2% Floor. Please attach a schedule if applicable.

Line 33 – Total Deductions. Add lines 25 through 32 and enter here. These are your allowable deductions before distributions and the exemption.

Line 34 – Adjusted Total Income (or Loss). Subtract line 33 from line 24 and enter the result on this line.

Line 35 – Income Distribution Deduction. Enter the amount of the deduction for distributions to beneficiaries. Attach a schedule showing the computation if different from the federal deduction.

If the estate or trust was required to distribute income currently or if it paid, credited, or was required to distribute any other amounts to beneficiaries during the tax year, complete Schedule I for all beneficiaries who received an income distribution.

Line 36 – Exemption. Each estate and trust is allowed one exemption of \$2,140.

Line 37 – Total Income Distribution Deduction. Add lines 35 and 36; enter the result here.

Line 38 – Taxable Income. Subtract the amount on line 37 from the amount on line 34. This is your Montana taxable income.

Line 39 – Enter the taxable income amount from line 38.

Line 40 – Tax Liability. If line 39 is zero or less, enter zero.

For resident estates and trusts, use the tax table below to compute your tax liability.

2008 Montana Fiduciary Income Tax Table				
If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax
\$0	\$2,600	1% (0.010)	\$0	
\$2,600	\$4,600	2% (0.020)	\$26	
\$4,600	\$7,000	3% (0.030)	\$72	
\$7,000	\$9,500	4% (0.040)	\$142	
\$9,500	\$12,200	5% (0.050)	\$237	
\$12,200	\$15,600	6% (0.060)	\$359	
More than \$15,600		6.9% (0.069)	\$499	

For Example: Taxable Income \$6,800 X 3% (0.030) = \$204; \$204 Minus \$72 = \$132 Tax

For nonresident estates and trusts, use Form FID-3, Schedule II, page 4 to complete the calculation of the tax liability.

Line 41 – Capital Gains Tax Credit. Please see 15-30-183, MCA. You can claim a capital gains credit against your Montana income tax of up to 2% of the net capital gains. Your net capital gains are the amount you reported on Form FID-3, line 4 less the amount of net capital gains distributed to a beneficiary.

For example: a capital gain of \$46,675 is reported on line 4. The income distribution deduction to the beneficiary included \$12,482 of the capital gain. The 2% capital gains tax credit is computed on the undistributed income of \$34,193.

This credit is nonrefundable and it cannot reduce the liability below zero. The credit is applied before any other credits and it cannot be carried back or carried forward.

If the trust or estate is a nonresident, you must apply this credit to the Montana income tax computed on line 40 as if it were a resident.

Line 42 – Resident Tax After Capital Gains Tax Credit. Complete this line if you are a resident or nonresident.

If you are a resident, this is your resident tax after capital gains tax credit. Skip line 42a and go to line 43.

If you are a nonresident, please go to line 42a.

Line 42a – Nonresident Tax after Capital Gains Credit. Complete Schedule II on page 4 of Form FID-3 to calculate the nonresident tax. Enter the result from line 17 of Schedule II on this line.

Line 43 – Tax on Lump-Sum Distributions. If you qualify on your federal tax return for special averaging of your lump-sum distribution and have not included it as ordinary pension income in federal adjusted gross income, you must pay Montana income tax on this distribution. Your Montana tax liability on the lump-sum distribution is 10% of the federal tax calculated on federal Form 4972. Attach a copy of federal Form 4972.

Line 44 – Total Tax. If the estate or trust is a resident, add lines 42 and 43; enter the result on this line. If it is a nonresident, add lines 42a and 43; enter the result on this line.

Line 45 – Total Nonrefundable Credits. Enter the amount from Schedule III, line 23, but do not enter an amount larger than the amount on line 44. This is your total nonrefundable credits. Please attach the applicable information if required.

Line 46 – Tax Less Nonrefundable Credits. Subtract line 45 from line 44. If zero or less, enter zero.

Recapture Taxes

Some deductions and tax credits have provisions requiring a recapture of the tax benefit you received in an earlier year if you do not meet certain requirements in subsequent tax years.

Line 47 – Endowment Credit Recapture Tax. If you previously claimed an endowment credit and you have also taken a charitable deduction for a gift that you contributed to a qualified endowment and you now have received the gift back, you are required to recapture the previous credit. The credit will need to be recaptured to the extent it reduced your income tax liability in a previous year. In addition, you will need to include in your income any amounts that were previously reported as a deduction.

Enter here the amount of your endowment credit recapture tax. If, in addition to your recapture tax, part of the amount that is recaptured was claimed as a charitable contribution in a prior year, you will have to include in income on line 13, Form FID-3, any recoveries of this prior year deduction that reduced your tax liability in the year of that deduction.

Line 48 – Tax Liability. Add lines 46 and 47; enter the result here.

Line 49 – Montana Income Tax Withheld. Enter the amount of your Montana income tax withheld and reported on federal Form W-2, box 17 or on federal Form 1099-R, box 10. When claiming Montana income tax withheld, you are required to attach a copy of your withholding statement(s) (federal Form W-2 or 1099-R). Montana mineral royalty tax withheld or income tax withheld as a result of an ownership interest in a pass-through entity (Form PT-WH) cannot be reported on this line.

NEW Line 50 – Montana Mineral Royalty Tax Withheld. Effective January 1, 2008, royalty payments made to owners of Montana mineral rights are subject to state income tax withholding if certain thresholds are met. This amount should not be confused with amounts deducted from your royalty payment for production taxes. Enter the amount of the Montana income tax withheld from royalty payments received during the year. This is generally reported on federal Form 1099. If the mineral rights are held by a partnership or S corporation for which you have an ownership interest or from which you receive a distribution, enter the amount reported to you as your share of the withholding. Attach a copy of the Form 1099 issued to the partnership or S corporation and a schedule detailing

the calculation of your portion of the withholding. For more information, please visit the "Mineral Royalty Withholding" icon at mt.gov/revenue.

Line 51- Estimated Tax Payments. If you have made estimated tax payments, enter the total of the estimated tax payments. Include in this amount the 2007 refund that you requested to be applied to the 2008 estimated income tax payments. Include on this line any amounts that are reported to you on Montana Form PT-WH. The Form PT-WH will show withholding (if applicable) from your ownership in an S corporation, partnership or disregarded entity. Do not include in this total any income taxes paid for a previous year since these are not estimated taxes paid for tax year 2008.

Line 52 – Extension Payments. If you paid an extension payment on or before April 15, 2009 in order to qualify for an extension to file your tax return, enter that amount on this line. To determine if you need to make an extension payment, complete the Extension Payment Calculation Worksheet, Montana Form EXT-FID-08. This is a new worksheet available for estates and trusts to use instead of Form EXT-08.

Line 53 – Refundable Credits. You may be eligible for one or more of the four refundable credits that are available on your Montana income tax return. Complete Schedule III, page 5 to determine the amount of the refundable credits to enter on this line. Refer to the section of instructions on Montana tax credits found on page 10 for a detailed explanation of these refundable credits.

Line 54 – Total Payments and Refundable Credits. Add lines 49 through 53 and enter the result on this line. This is your total payments and refundable credits.

Line 55 – Tax Due. If line 48 is greater than line 54, subtract line 54 from line 48. This is your tax due.

Line 56 – Tax Overpaid. If line 54 is greater than line 48, subtract line 48 from line 54. This is your tax overpaid.

The Amount You Owe

Line 57 – Interest on Underpayment of Estimated Taxes. You are required to pay your income tax liability throughout the year if you expect to owe an income tax liability of at least \$500 after you subtract your tax credits and withholding payments. You can make payments through withholding, installment payments of estimated taxes, or a combination of both.

If you did not pay in advance at least 90% of the estate's or trust's current year tax liability (after applying your credits) or 100% of the previous year's tax liability (after applying your credits), you may have to pay interest on the underpayment of your estimated tax.

To calculate your interest, please complete Form EST-I, 2008 Underpayment of Estimated Tax by Individuals and Fiduciaries. You can get this form by visiting our web site at mt.gov/revenue or by calling us toll free at (866) 859-2254 (in Helena, 444-6900).

Line 58 – Late File Penalty, Late Pay Penalty and Interest.

- **Late File Penalty.** If you file your tax return after April 15, 2009, or September 15, 2009 if you have a valid extension, you will be assessed a late file penalty if tax due is reported on line 55. The penalty is equal to \$50 or the amount of tax due, whichever is less. If you are filing your tax return late and you have a refund, you are not assessed a late file penalty.

To calculate your late file penalty, compare the amount on line 55 to \$50. Your late file penalty is the lesser of these amounts.

- **Late Pay Penalty.** If you have not paid 100% of your income tax liability by April 15, 2009, you are liable for a late payment penalty. Your late payment penalty is equal to 1.2% per month or fraction of a calendar month on the unpaid balance from April 15, 2009 until it is paid. Please remember that an extension to file your return does not give you an extension to pay your tax. To calculate your late payment penalty, multiply the amount on line 55 by 1.2% per month or fraction of a calendar month your payment is late. For example, if you do not have a valid extension and did not pay your tax due until May 10, 2009, your late payment penalty will be 2.4% (two months or fractions of a month x 1.2%) of the unpaid tax. In no instance will your late payment penalty exceed 12% (10 months X 1.2%).
- **Interest.** If you have not paid 100% of your income tax liability by April 15, 2009, you will have to pay 8% annual interest computed daily on your unpaid balance. As with the late payment penalty, an extension of time to file your return does not extend the due date for paying your income tax so interest accrues from the original due date.

To calculate your interest, multiply the amount on line 55 by 0.02192% (0.0002192) times the number of days after April 15, 2009 your tax was paid.

If you owe more than one of the items listed above, enter each applicable amount in the following worksheet.

Type	Amount
Late file penalty	_____
Late pay penalty	_____
Interest	_____
Total	_____

Enter the total on line 58. (You may wish to keep this worksheet as part of your records for future reference.)

Line 59 – Other Penalties. Include on Form FID-3, line 59, any of the following penalties if they apply to your situation.

- **First-Time Home Buyer Savings Account 10% Penalty.** If you withdrew funds from your first-time

home buyer savings account for purposes other than to pay for eligible costs for the purchase of a single family residence, you are required to pay a 10% penalty on the withdrawal unless the withdrawal is on the last business day of the business year. Complete Form FTB-P and enter the amount of the penalty on this line. Attach a copy of the Form FTB-P to the tax return.

- **Medical Care Savings Account 10% Penalty.** If you withdrew funds from your medical care savings account for purposes other than to pay for eligible medical costs, you are required to pay a 10% penalty on the withdrawal, unless the withdrawal is on the last business day of your business year. Complete Form MSA-P and enter the amount of the penalty on this line. Attach a copy of Form MSA-P to the tax return.
- **Farm and Ranch Risk Management Account 10% Penalty.** If you have not distributed the deposits and income from your farm and ranch risk management account within five years, they are considered distributed. A 10% penalty is required on the amount of tax due on the amount considered distributed. Enter on, this line, the amount of the farm and ranch risk management account 10% penalty.

If you are required to pay more than one of the penalties listed above, enter the sum of the penalties.

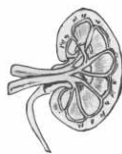
Line 60 – Contributions to Montana Check-Off Programs. Montana's tax statutes provide you with the opportunity to contribute, via your income tax return, to the following programs. You can contribute any amount to any one of these five programs. Your contribution will increase the amount you owe or reduce the amount of your refund.



- **Line 60a – Nongame Wildlife Program.** Your contributions to this program are used to ensure the well-being of Montana's watchable wildlife species, such as eagles, herons, bluebirds, great horned owls, loons, chipmunks, pikas, flying squirrels and painted turtles.
- **Line 60b – Child Abuse Prevention Program.** Your contributions to this program fund services and activities related to the prevention of child abuse and neglect. If you enclose a separate check with your timely filed tax return, you are allowed to take a deduction for the amount of the contribution on the tax return you are filing with this contribution.



- **Line 60c – Agriculture in Montana Schools Program.** Your contributions to this program fund the development and presentation of educational programs. This program ensures Montana's young people have a better understanding of agriculture in our state and how it relates to the rest of the world.



- **Line 60d – End-Stage Renal Disease Program.** Your contributions fund a program for persons suffering from end-stage renal disease. This program assists persons suffering from chronic renal disease in obtaining the medical, nursing, pharmaceutical and technical services necessary to care for the disease.



- **Line 60e – Montana Military Family Relief Fund.** Your contributions to this program help provide funding for grants that aid Montana families in defraying the costs of food, housing, utilities, medical services, and other expenses when a wage earner has been called to active military duty.

Line 61 – Total Penalties, Interest and Contributions.

Add the amounts on lines 57 through 60, and enter the result on this line. This is your total penalties, interest and check-off program contributions.

Line 62 – Amount You Owe. If you have a tax due (amount on line 55), add lines 55 and 61 OR, if you have a tax overpayment (amount on line 56) and it is less than 61, subtract line 56 from line 61. Enter the result on this line. This is the amount you owe.

You can use the following two methods to submit your payment.

- Pay the amount due to the Montana Department of Revenue and include the completed Montana Fiduciary Tax Payment Voucher that is inserted in this booklet. Please write your FEIN and "Tax Year 2008" on the memo line of the check. Send your payment and voucher with your tax return to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021.
- You can visit our website at mt.gov/revenue under downloadable forms to print a voucher to submit with your payment. This will ensure the payment is properly credited to your account.

If you cannot pay the entire amount that you owe with your tax return, we encourage you to file your return timely and pay as much as possible. By filing and paying as much as you can by April 15, 2009, you will not be assessed a late file penalty, and you will reduce the amount of your late payment penalties and interest that is assessed against your outstanding balance. If you need to establish a payment plan, please call us toll free at (866) 859-2254

(in Helena, 444-6900) as soon as possible to discuss your options and make payment arrangements.

Line 63 – Overpayment. If you have a tax overpayment (amount on line 56) and it is greater than line 61, subtract line 61 from line 56 and enter the result. This is your overpayment.

Line 64 – Enter the amount of your overpayment from line 63 that you want applied to the 2009 estimated tax account.

Line 65 – Refund. Subtract line 64 from line 63 and enter the result here. This is the amount of your refund. Only refunds more than \$1.00 will be issued.

If you wish to use direct deposit, enter your financial institution's routing number (RTN#) and your account number (ACCT#) in the space provided, and indicate whether this account is your checking or savings account. Your routing number will be nine digits and your account can be up to 17 characters (both numeric and alpha). If your financial institution is unable to accept the direct deposit, we will mail you a refund check. A sample of a personal check is provided for your convenience.

John Taxpayer
Jane Taxpayer
23 Main Street
Anyplace, MT 59000
Pay to the
Order of _____

Anyplace Bank
Anyplace, MT 59000

Routing Number: 250000009
Account Number: 200000 86

1234

Do not include the check number in the account number

Schedule I Instructions - Distribution to Beneficiaries

The schedule of beneficiaries receiving distributions during the tax year must be completed. List the name, address, social security number or federal employer identification number, residency status and distributive share for each beneficiary receiving a distribution from the estate or trust during the tax year.

Enter the distributions reported to each beneficiary on his or her federal Schedule K-1 in spaces provided. The total of Column G should equal the income distribution deduction reported on Form FID-3, line 35.

Please use the dollar amount and not the percentage. If there are more than 10 beneficiaries, attach a separate schedule.

If you need additional space, you may make copies of Schedule I, or you may use a document formatted similarly to Schedule I as a substitute for Schedule I.

Schedule II Instructions – Nonresident Estate and Trust Tax, Undistributed Montana Source Income

Note: Schedule II applies only to nonresident estates and trusts.

Enter the applicable undistributed income from page 1 in column A and the Montana portion of that undistributed income in column B of Form FID-3, Schedule II. Include only the income that has not been distributed.

The following line-by-line instructions are for nonresident estates and trusts that have Montana source income.

Line 1 – Interest Income. Enter the undistributed portion of the interest income that was received from an installment sale of real property in Montana. Include any undistributed interest that was received from a business or commercial property that is located in Montana and that is included in the total federal income on Form FID-3, line 1.

Interest received from financial institutions, notes, dividends on capital stock, royalties from patents and copyrights is not considered Montana source income and therefore is not taxable to Montana.

Line 2 – Ordinary Dividends. Generally, dividends are not considered Montana source income and should not be included on line 2, Column B.

Line 3 – Business Income or Loss. Enter the undistributed portion of the net income or loss that is reported on Form FID-3, line 3 that was received from any trade, business, profession, or occupation carried on in Montana. If you have more than one business, complete a separate federal Schedule C for each business activity.

Line 4 – Capital Gain or Loss. Enter the undistributed portion of the gains or losses that are included in the total on Form FID-3, line 4, that were received on the sale or transfer of tangible property located in Montana. Report here any gain or loss from tangible property that is used or held in connection with the trade, business or occupation.

Line 5 – Montana Source Rental Real Estate, Royalties, Partnerships, S Corporations, etc. If the estate or trust is a nonresident entity, enter the undistributed portion of the following income or losses that are included in the total income on Form FID-3, line 5:

- Net rental income or loss from real property and tangible personal property located in Montana.
- Net royalties to the extent that the income received is for the production, fabrication, manufacturing, or other processing in Montana, or the patented product is produced in Montana.
- Net copyright royalties to the extent that the printing and other publication originated in Montana.
- Partnership income derived from a trade, business, occupation or profession carried on in Montana.
- S corporation income derived from a trade, business, occupation or profession carried on in Montana. S corporation income or loss is a shareholder's percentage of the corporation's net income and deductions derived from Montana. Attach Schedule K-1(s).

- Estate and trust income derived from a trade, business, occupation or profession carried on in Montana. Estate and trust income or loss is the beneficiary's share of the income and deductions from a trust that has nexus in Montana. Attach Schedule K-1(s).

Line 6 – Farm Income or Loss. Report the farm income or loss that was received from the farming activity carried on in Montana. Attach a separate federal Schedule F if necessary, showing only the Montana farm activity.

Line 7 – Ordinary Gain or Loss. Enter here an ordinary gain or loss that was received from the sale or exchange of business property located in Montana and reported on the federal Form 4797. Attach a copy of the Form 4797.

Line 8 – Other Income. Enter any other income attributed to Montana that is not identified on lines 1 through 7. This includes, but is not limited to:

- Montana lottery winnings
- Non-employee compensation

Line 9 – Montana Source Interest and Mutual Fund Dividends From Other States, County or Municipal Funds. Enter the interest and dividend income from bonds and obligations of other states or their political subdivisions that are attributed to Montana.

Line 10 – Montana Source Dividends Not Included in Federal Total Income. Enter the amount of the dividends that you received as Montana source income that are not already included in your total federal income.

Line 11 – Montana Source Federal Refund. If a federal tax deduction was claimed in a prior year, any refund of that tax is income in the year it is received.

Line 12 – Other Recoveries. If a deduction in a prior year was claimed and reduced the Montana taxable income, and you were subsequently reimbursed, please show that reimbursement here.

Line 13 – Other Montana Source Additions. Enter any other source of Montana income that has not been included or identified in the lines above.

Line 14 – Total Montana Source Income. Add lines 1 through 13; enter the result on this line.

Line 15 – Nonresident Tax Computation. Divide the amount in column B, line 14, by the amount in column A, line 14 and enter the result on this line. Carry to four decimal places and do not enter more than 100%.

Line 16 – Nonresident Estate and Trust Tax. Enter your resident tax after capital gains credit reported on Form FID-3, line 42.

Line 17 – Nonresident Estate and Trust Tax After Capital Gains Tax Credit. Multiply the amount on line 16 by the percentage amount on line 15. This is the amount of the nonresident tax after the capital gains tax credit. Enter the result on Form FID-3, page 2, line 42a.

Schedule III Instructions – Montana Tax Credits

There are three categories of credits available on Montana Form FID-3. With the exception of the capital gains credit, which is required to be applied before any other credit, you are not required to apply any of the other credits in a particular order.

For detailed instructions and forms, please visit our website at mt.gov/revenue.

Nonrefundable Single-Year Credits

Line 1 – Credit for Income Tax Paid to Another State or Country. Please see 15-30-124, MCA. This credit is available to resident beneficiaries and to resident estates and trusts only. If you paid an income tax to another state or country on income that is also taxable to Montana, you may be entitled to a credit against your Montana income tax liability for these income taxes paid to another state or country. However, if you claimed the foreign tax credit on your federal tax return, you can claim this credit for foreign taxes on your Montana tax return only if you have unused federal credit that is not eligible to be carried back or forward to another tax year. If you are a resident and have unused federal credit or paid tax to another state, you will need to complete Form FID-3, Schedule IV to determine your available credit.

If all or part of the income reported on this tax return is subject to taxation in another state or country and you have filed a tax return and paid a net income tax to a state or foreign country, a credit may be claimed against the Montana income tax. A credit is allowable against the Montana income tax only if the tax paid to a state or foreign country was based on net income of the same taxable year and only if the income taxed by the state or foreign country was derived from sources without Montana. A copy of the tax return filed with any state or foreign country for which credit is claimed must be attached to Form FID-3. To determine if a credit is available, complete Form FID-3, Schedule IV.

If you are a shareholder of an S corporation or a partner in a partnership and the S corporation or partnership pays an income tax, excise tax, or franchise tax which was measured by and imposed on net income to another state or country, you can claim a credit for your share of these taxes paid by the entity.

You are not allowed to use other taxes paid by the S corporation or partnership, such as, but not limited to, franchise or license taxes or fees that are not imposed on or measured by net income, gross receipt taxes or gross sales taxes.

When you claim this credit for the taxes paid by the entity, you will have to add back to the Montana income your share of the S corporation's or partnership's federal tax deduction that is included in your total income. This is required whether or not the S corporation or partnership

separately or non-separately stated the income tax deduction on the federal Form K-1.

If you are required to file an income tax return in more than one state or country and you are entitled to the credit, complete a separate Schedule IV for each state or country in which an income tax return was filed and tax was paid on the income that is also taxed to Montana.

A credit is not allowed if the other state or country in which you have filed has allowed a credit against the taxes they have imposed on the net income.

When calculating the credit on Form FID-3, Schedule IV, do not include penalties and interest that you paid to the other state or country in the calculation.

Line 2 – College Contribution Credit (Form CC). Please see 15-30-163, MCA. Taxpayers who make charitable contributions to the general endowment funds of the Montana University System or to the general endowment fund of a Montana private college or its foundation during the year are allowed a credit in the amount of 10% of the aggregate of these contributions. The maximum amount of credit that can be claimed is \$500 per year with no provision for carryback or carryforward.

Line 3 – Qualified Endowment Credit (Form QEC). Please see 15-30-167, MCA. Beneficiaries are entitled to a credit for 40% of the present value of a planned gift made during the year to the qualified Montana endowment or for 20% of a direct contribution to a qualified endowment. The maximum amount of the credit that a beneficiary may claim is \$10,000 with no provision for carryback or carryforward. The value of the gift that you used when you calculated the credit cannot be claimed as a charitable contribution on Form FID-3, line 29. To learn more about the endowments statewide, visit the Governor's Task Force on Endowed Philanthropy website at www.endowmontana.org.

If a charitable gift is recovered in the current year by the estate or trust, the estate or trust may have to recapture this year the amount of the credit that was claimed in the year the credit was taken on the Montana tax return. The recapture is reported on Form FID-3, page 2, line 47.

Line 4 – Energy Conservation Installation Credit (Form ENRG-C). Please see 15-32-109, MCA. If the estate or trust is a resident entity, a credit can be claimed for energy conservation investments made to the residence or other buildings. The credit is equal to 25% of the expenses for a maximum credit of up to \$500 per resident taxpayer. Examples of the capital investments that qualify for this credit are hot water heaters and household heating or cooling systems. Please visit our website at mt.gov/revenue and look for the "Energy Related Tax Relief" icon for specific examples of what investments may or may not qualify.

Line 5 – Alternative Fuel Credit (Form AFRCR). Please see 15-30-164, MCA. There is a credit for equipment and labor costs that you incur in order to convert a motor vehicle licensed in Montana to operate on alternative fuel. The maximum credit is equal to 50% of the equipment

and labor costs incurred but cannot exceed: \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less; \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds. You have to apply this credit in the year in which the conversion was made. It cannot be carried back or carried forward.

Line 6 – Health Insurance for Uninsured Montanans Credit (Form HI). Please see 15-30-185, MCA. An employer can claim a credit for the health insurance premiums that are paid by that employer for its employees. If you are using insurance premiums to calculate the Insure Montana credit (line 27) these premium payments cannot be used to calculate the Health Insurance for Uninsured Montanans credit.

Line 7 – Elderly Care Credit (Form ECC). Please see 15-30-128, MCA. You can claim a credit for paying certain expenses of providing care to an elderly family member. The credit is limited to \$5,000 per qualifying family member in a taxable year and to \$10,000 total for two or more family members in a taxable year.

Line 8 – Recycle Credit/Deduction (Form RCYL). Please see 15-32-602 and 15-32-603, MCA. A business is entitled to a credit for investments in equipment or machinery used to collect, process, or manufacture a product from reclaimed material or depreciable property that treats soil contaminated by hazardous wastes. The credit is a percentage (5% to 25%) of the cost of the property, before consideration of trade-in equipment. An exception to this is that the basis will be reduced by any trade-in for which this credit has previously been taken.

Line 9 – Oilseed Crushing and Biodiesel/Biolubricant Production Credit (Form OSC). Please see 15-32-701 and 15-32-702, MCA. A credit can be claimed for the cost of investments in qualifying depreciable property used to crush oilseed crops for the purpose of making biodiesel fuel or biolubricant, or used to construct or equip a facility in Montana to be used for producing biodiesel or biolubricant. This credit can be carried over for seven succeeding years if the facility is crushing oilseed during that tax period.

If the facility for which the credit is claimed ceases operations for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture.

Line 10 – Biodiesel Blending and Storage Credit (Form BBSC). Please see 15-32-703, MCA. A credit can be claimed for the cost of investments in depreciable property used for storing or blending biodiesel made from Montana products with petroleum diesel for sale. This credit can be carried over for seven succeeding tax years if the facility is blending or storing biodiesel for blending. If the facility ceases blending biodiesel for sale for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture. If the facility's biodiesel sales are not at least 2% of all diesel sales by the end of the third year after the credit is initially claimed, the credit is subject to recapture.

Nonrefundable Carryover Credits

Line 11 – Contractor’s Gross Receipts Tax Credit.

Please see 15-50-207, MCA. A business is entitled to a credit for the public contractor’s gross receipts tax paid. The credit is the gross receipts tax paid throughout the year after the personal property taxes are deducted. If the business reports its income on a percentage-of-completion basis, the credit has to be prorated proportionately. To support the credit that you claim, attach a schedule or statement including the contract name (and number, if any); location; general description (for example: building, road, bridge, etc.); name of awarding agency; name of the prime contractor and the amount of gross receipts tax paid, as well as the amount that has been applied to personal property taxes. The credit cannot exceed the tax liability and any credit balance remaining can be carried forward by beneficiaries for five succeeding tax years.

Line 12 – Geothermal System Credit

(Form ENRG-A). Please see 15-32-115, MCA. A credit can be claimed for a portion of the installation costs of a geothermal system in the taxpayer’s principal dwelling or in a residence constructed by the taxpayer. Only one credit may be claimed for a residence. The credit of \$1,500 can be carried forward for seven succeeding tax years.

Line 13 – Alternative Energy Systems Credit (Form

ENRG-B). Please see 15-32-201, MCA. A credit can be claimed for the cost of purchasing and installing an energy system that uses a recognized non-fossil form of energy such as, but not limited to, solar energy, wind energy, solid waste, and organic waste in the principal home. Also qualifying is the cost of purchasing and installing an energy system using a low emission wood or biomass combustion device, such as a pellet or wood stove in the principal residence. The credit of \$500 per resident taxpayer can be carried forward for four succeeding tax years.

Line 14 – Alternative Energy Production Credit (Form

AEPC). Please see 15-32-402, MCA. A credit is available for a qualified investment of \$5,000 or more in depreciable property for the use of a commercial system or a net metering system that is located in Montana and that generates energy by means of an alternative renewable energy source. The credit is 35% of the eligible costs associated with the purchase, installation, or upgrading of generating equipment, safety devices and storage equipment, transmission lines necessary to connect with existing transmission facilities, and transmission lines necessary to connect directly to the purchaser of the electricity when no other transmission facilities are available. The credit is further limited, in that it can only be applied against the tax liability due as a consequence of the alternative energy system generating taxable or net income. The credit can be carried forward for seven succeeding years. An exception to the seven year carry forward period applies when the investment is located within the exterior boundaries of a Montana Indian reservation.

Line 15 – Dependent Care Assistance Credit (Form DCAC). Please see 15-30-186 and 15-31-131, MCA. An employer can claim a credit for amounts paid or incurred for dependent care assistance provided to employees. This assistance can be in the form of:

- acquiring, constructing, reconstructing, renovating, or improving real property for primary use as a day care facility
- providing dependent care assistance to employees that meet the requirements of IRS code 26 USC 129(d)(2) through (d)(6)
- providing information and referral services to assist employees within the state in obtaining dependent care

Line 16 – Historic Property Preservation Credit (Federal

Form 3468). Please see 15-30-180, MCA. A credit equal to 25% of the federal rehabilitation credit provided for in IRC Section 47(a)(2) for the preservation of certain historic buildings located in Montana is allowed. If this credit is claimed, attach a copy of the federal Form 3468 to the tax return.

As an alternative to the percentage of the federal rehabilitation credit, a credit equal to 20% of the cost of creating a conservation easement and for the diminishing value of the historic property, including its building and structure, that resulted from placing a conservation easement on the property may be claimed.

Line 17 – Infrastructure Users Fee Credit. Please see 17-6-316, MCA. You can claim a credit for the infrastructure users fee paid to a local government. To claim this credit, you have to meet the criteria set forth in 17-6-309(2), MCA, and pay the infrastructure users fee. This form has to be certified by the county, verifying the amount of the infrastructure users fee paid and the timeliness of your payment. This credit can be carried forward for seven years or carried back for three years.

Line 18 – Empowerment Zone Credit. Please see 15-30-182, MCA. An employer who has a business in an empowerment zone is entitled to a credit for each new employee at this business. The Montana Department of Labor and Industry has to certify the business before that business can qualify for the credit. The credit can be carried back three years and carried forward for seven years.

Line 19 – Increasing Research Activities Credit (Form

RSCH). Please see 15-30-168 and 15-31-150, MCA. A credit is available for increases in qualified research expenses and basic research payments for research conducted in Montana. The credit is determined in accordance with IRC Section 41, with the exception that the applicable rate is 5% for Montana purposes. This credit can be carried back two years and carried forward for 15 succeeding years.

Line 20 – Mineral Exploration Incentive Credit (Form MINE-CRED). Please see 15-32-503, MCA. A credit can be claimed for certified expenditures of mining exploration

activities. Certified expenditures are the costs that are incurred for activities that directly support the exploration activity conducted at a specific exploration site. This credit applies to activities associated with both new mines and mines that are being reopened. To obtain this credit, you will first have to submit a request that details the work done and the expenses incurred. This has to be done within 60 days following the end of the calendar year and reported on a form provided by the Montana Department of Revenue. The department has until September 30 to certify whether expenses qualify for the credit.

Line 21 – Film Employment Production Credit (Form FPC). Please see 15-31-907, MCA. A credit is available for employing residents of Montana in a state-certified production. The credit is equal to the sum of 14% of the first \$50,000 or less that was compensated to each Montana resident who was employed in a state-certified production.

When claiming the employment production credit, you cannot include the compensation used to calculate the credit as a deduction when computing your net income for corporate license tax or individual income tax purposes. Please see instructions for line 15 (Other Additions) on page 4.

You can elect to have this credit refunded or you can carry the credit forward for four years. There is a one-time election to either:

- apply the credit against the tax liability by reporting it on Form FID-3, page 5, Schedule III, line 21 and carrying forward any unused credit to be applied against the tax liability in subsequent years; or
- apply the credit against the tax liability by reporting it on Form FID-3, page 5, Schedule III, line 24 in which any unused credit is refunded to you.

Line 22 – Adoption Tax Credit. Please see 15-30-194, MCA. You can claim a credit if you finalized the adoption of an eligible child in 2008. An eligible child is:

- any child under age 18, or
- any disabled person physically or mentally unable to take care of himself or herself.

The amount of the credit is \$1,000 per child. If the amount of the credit exceeds your tax liability for 2008, you can carry forward the unused credit to the next five tax years. For Montana purposes, this carry forward applies only to adoptions that were finalized on or after January 1, 2007. Therefore, you are not eligible for this credit if you finalized an adoption before January 1, 2007 but have unused federal adoption credit that you are carrying forward. Attach a copy of federal Form 8839.

Refundable Credits

Line 24 – Film Employment Production Credit (Form FPC). Please see 15-31-907, MCA. A credit is available for employing residents of Montana in a state-certified production. The credit is equal to the sum of 14% of the first

\$50,000 or less that was compensated to each Montana resident who was employed in a state-certified production.

When claiming the employment production credit, you cannot include the compensation used to calculate the credit as a deduction when computing your net income for corporate license tax or individual income tax purposes. Please see instructions for line 15 (Other Additions) on page 4.

The credit is refundable if you made the one time election to apply the credit against the tax liability and requested a refund of the unused credit. You may also elect to carry forward the credit.

Line 25 – Film Qualified Expenditures Credit (Form FPC). Please see 15-31-908, MCA. You can receive a refundable film qualified expenditures credit for expenditures made in Montana in connection with a state-certified production. The credit is equal to 9% of the total qualified expenses incurred in connection with the production.

When claiming the qualified expenditure credit, you cannot include the expenditures used to calculate the credit as a deduction when computing your net income for corporate license tax or individual income tax purposes. Please see instructions for line 15 (Other Additions) on page 4.

Line 26 – Insure Montana Small Business Health Insurance Credit. Please see 33-22-2006, MCA. If you were the owner of a business that received a tax credit from the Insure Montana Small Business Health Insurance program, enter the amount of credit you are entitled to on line 26. The amount of credit you may claim is the total credit amount issued to the business multiplied by your ownership percentage. For example, if you were a 50% owner and the business received \$6,000 in tax credit, you are entitled to claim \$3,000 (\$6,000 x 50% (0.50)).

If you are using insurance premiums to calculate the Health Insurance for Uninsured Montanans credit (line 6) these premium payments cannot be used to calculate the Insure Montana credit.

Enter the Federal Employer Identification Number (FEIN) of the business which received the credit in the space provided. If you were the owner of more than one company receiving the credit, enter the FEIN of the company that received the highest amount of credit. Attach a copy of the most recent certificate from the State Auditor's Office providing the amount of tax credit the business received.

Additionally, the premiums paid for these policies are not allowed as a deduction. Please see instructions for line 15 (Other Additions) on page 4.

NEW Line 27 – Temporary Emergency Lodging Credit (Form TELC). Please see 15-30-196, MCA. For tax years beginning on or after January 1, 2008, a refundable tax credit is available for licensed establishments that provide short-term emergency lodging under the Temporary Emergency Lodging Program. The program helps provide lodging for individuals or families who have been

displaced from their residence and have been referred to the establishment by a charitable organization approved by the Montana Department of Public Health and Human Services. Please visit their website at www.dphhs.mt.gov/PHSD/Food-consumer/emergency-lodging.shtml for additional information regarding participation in this program.

The credit is \$30 for each day of lodging provided by the establishment and is limited to five nights' lodging for each individual. An individual may claim the credit if they are the owner of the establishment or they have an ownership interest in the partnership or S corporation that owns the establishment.

Schedule IV Instructions – Credit for an Income Tax Liability Paid to Another State or Country

Schedule IV applies only to resident estates or trusts.

See the instructions for FID-3, Schedule III, line 1 on page 10 of this instruction booklet to determine the amount of your credit for income tax paid to another state or country on income that is also taxed to Montana.

Schedule V Instructions – Reporting of Special Transactions

Complete Schedule V only if the estate or trust was required to complete for federal income tax purposes one or more of the federal forms that are identified on this schedule. If the estate or trust is required to complete this schedule because you have answered "Yes" to one or more of the statements, attach a copy of the federal Form 1041 and the corresponding federal form to Montana Form FID-3. For further information on the reporting of special transactions, see Schedule V.

2008 Montana Income Tax Return for Estates and Trusts Form FID-3

For the calendar year 2008 or the tax year beginning (mm-dd) _____, 2008, ending (mm-dd) _____, 20__

<input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Amended Return <input type="checkbox"/> Check here if this is a NOL Carryback.	Name of estate or trust (If a grantor trust, see instructions.) <hr/> Name and title of fiduciary <hr/> Mailing address <input type="checkbox"/> Check if this is a change of address <hr/> City or town, state and zip code + 4 <hr/>	Federal Employer Identification Number <hr/> <input type="checkbox"/> Check this box if you are claiming PT-WH <hr/> Residency status <input type="checkbox"/> Resident <input type="checkbox"/> Nonresident
Attach a copy of your federal Form 1041 and Schedule K-1(s)		Type of entity (check only one) <input type="checkbox"/> Decedent's Estate <input type="checkbox"/> Trust <input type="checkbox"/> ESBT <input type="checkbox"/> Grantor Trust <input type="checkbox"/> Other

Enter amounts corresponding to your federal return. Round to nearest dollar. If no entry, leave blank

Income	1. Interest income..... 1.	
	2a. Total ordinary dividends..... 2a.	
	2b. Qualified dividends allocable to: (1) Beneficiaries <input type="text"/> (2) Estate and Trust <input type="text"/>	
	3. Business income or (loss). Attach federal Schedule C or C-EZ (Form 1040) NAICS <input type="text"/> 3.	
	4. Capital gain or (loss). Attach federal Schedule D (Form 1041)..... 4.	
	5. Rents, royalties, partnerships, other estates and trusts, etc. Attach federal Schedule E (Form 1040)..... 5.	
	6. Farm income or (loss). Attach federal Schedule F (Form 1040)..... 6.	
	7. Ordinary gain or (loss). Attach federal Form 4797..... 7.	
	8. Other income. List type and amount:..... 8.	
9. Add lines 1, 2a, and 3 through 8 and enter the result here. This is your total federal income. 9.		
Line 9 must equal your total income reported on your federal Form 1041. (See instructions for Electing Small Business Trust.)		
Additions	10. Interest and mutual fund dividends from other states' state, county and municipal bonds 10.	
	11. Dividends not included in federal total income 11.	
	12. Taxable federal refund..... 12.	
	13. Other recoveries of amounts deducted in earlier years that reduced Montana taxable income 13.	
	14. Federal net operating loss carry forward included in line 8 above 14.	
	15. Other additions. List type and amount. 15.	
16. Add lines 10 through 15 and enter the result here. This is your total Montana additions to income. ... 16.		
Subtractions	17. Exempt interest and mutual fund dividends from federal bonds, notes, and other obligations 17.	
	18. State tax refunds included on line 8 above..... 18.	
	19. Other recoveries of amounts deducted in earlier years that did not reduce Montana taxable income..... 19.	
	20. Partial pension and annuity income exemption. See worksheet and instructions on page 5..... 20.	
	21. Montana net operating loss carry forward from Montana Form NOL Schedule B..... 21.	
	22. Other subtractions. List type and amount. 22.	
23. Add lines 17 through 22 and enter the result here. This is your total Montana subtractions from income. ... 23.		
24. Add lines 9 and 16 then subtract line 23 and enter the result here. This is your total Montana income. . 24.		
Deductions and Exemptions	25. Interest <input type="checkbox"/> Check this box if federal Form 4952 is attached 25.	
	26. Federal income tax..... 26.	
	27. Other taxes 27.	
	28. Fiduciary fees 28.	
	29. Charitable deduction..... 29.	
	30. Attorney, accountant, and return preparer fees 30.	
	31. Other deductions not subject to the 2% floor. (Attach schedule.)..... 31.	
	32. Allowable miscellaneous itemized deductions subject to the 2% floor..... 32.	
	33. Add lines 25 through 32 and enter here. This is your deductions before distributions and exemption 33.	
	34. Subtract line 33 from line 24 and enter the result here. This is your adjusted total income or (loss). ... 34.	
	35. Income distribution deduction from Form FID-3, Schedule I, Column G 35.	
	36. Exemption..... 36.	2,140
	37. Add lines 35 and 36; enter the result here. This is the total of your income distribution deduction and exemption. 37.	
	38. Subtract line 37 from line 34 and enter the result here. This is your Montana taxable income. 38.	

Taxes and Credits	39. Montana taxable income from page 1, line 38.	39.	
	40. Tax from the tax table on page 4 of this form. If line 39 is zero or less, enter zero.	40.	
	41. 2% capital gains tax credit on the undistributed net capital gains. See instructions.	41.	
	42. Subtract line 41 from 40 and enter result here. If zero or less, enter zero. This is your resident tax after capital gains tax credit.	42.	
	42a. Nonresident tax after capital gains credit. Enter here the amount from Form FID-3, Schedule II, line 17, but not less than zero.	42a.	
	43. Tax on lump sum distributions. See instructions. Attach federal Form 4972.	43.	
	44. Add lines 42 or 42a and 43; enter the result here. This is your total tax.	44.	
	45. Nonrefundable credits from Form FID-3, Schedule III, line 23	45.	
Payments and Refundable Credits	46. Subtract line 45 from line 44. If zero or less, enter zero.	46.	
	47. Endowment credit recapture tax.	47.	
	48. Add lines 46 and 47; enter the result here. This is your 2008 tax liability.	48.	
	49. Montana income tax withheld. Attach federal Form(s) W-2 and 1099.	49.	
	50. Montana mineral royalty tax withheld. Attach federal Form(s) 1099.....	50.	
	51. 2008 estimated tax payments and amount applied from your 2007 tax return.	51.	
	52. 2008 extension payments from Form EXT-FID-08.....	52.	
	53. Refundable credits from FID-3, Schedule III, line 28.....	53.	
	54. Add lines 49 through 53 and enter the result here. This is your total payments.	54.	
Tax	55. If line 48 is greater than line 54, subtract line 54 from line 48. This is your tax due.	55.	
	56. If line 54 is greater than line 48, subtract line 48 from line 54. This is your tax overpaid.	56.	
Penalties, Interest and Contributions	57. Interest on underpayment of estimated taxes. (See instructions and worksheet on page 7.).....	57.	
	58. Late file penalty, late pay penalty and interest. (See instructions and worksheet on page 7.).....	58.	
	59. Other penalties. (See instructions on pages 7 and 8.)	59.	
	60. Enter the total of your Voluntary Check-Off Contributions from below	60.	
	60a. Nongame Wildlife Program <input type="checkbox"/> \$5, <input type="checkbox"/> \$10, or _____ (specify amount)		
	60b. Child Abuse Prevention <input type="checkbox"/> \$5, <input type="checkbox"/> \$10, or _____ (specify amount)		
	60c. Agriculture in Schools <input type="checkbox"/> \$5, <input type="checkbox"/> \$10, or _____ (specify amount)		
	60d. End-Stage Renal Disease Program <input type="checkbox"/> \$5, <input type="checkbox"/> \$10, or _____ (specify amount)		
60e. Montana Military Family Relief Fund <input type="checkbox"/> \$5, <input type="checkbox"/> \$10, or _____ (specify amount)			
61. Add the amounts on lines 57 through 60 and enter the result here. This is the sum of your total penalties, interest and contributions.	61.		
Amount You Owe or Your Refund	62. If you have a tax due (amount on line 55), add lines 55 and 61 OR, if you have a tax overpayment (amount on line 56) and it is less than 61, subtract line 56 from line 61. Enter the result. This is the amount you owe.	62.	
	63. If you have a tax overpayment (amount on line 56) and it is greater than line 61, subtract line 61 from line 56 and enter the result. This is your overpayment.	63.	
	Please make your check payable to MONTANA DEPARTMENT OF REVENUE.		
	64. Enter the amount on line 63 that you want applied to your 2009 estimated tax.....	64.	
	65. Subtract line 64 from line 63 and enter the amount here. This is your refund.	65.	

If you wish to use direct deposit, enter your RTN# and ACCT# below. Please see instructions.

RTN# ACCT#

If using direct deposit, you are required to mark one box. Checking Savings

<input type="checkbox"/> Do not mail forms and instructions next year	Name, address and telephone number of paid preparer	<input type="checkbox"/> Check this box and attach a copy of your federal Form 7004 to receive your Montana extension.
	SSN, FEIN or PTIN:	

May the DOR discuss this return with your tax preparer? Yes No

Signature of fiduciary (or officer representing fiduciary)	Date	FEIN of fiduciary if a financial institution	Telephone number
--	------	--	------------------

I declare under penalty of false swearing that the information in this tax return and attachments is true, correct and complete.

Questions? Call us toll free at (866) 859-2254 (in Helena, 444-6900) or TDD (406) 444-2830 for hearing impaired.

Entity Name _____ Tax period ending _____

FEIN: _____

Schedule I - Distribution to Beneficiaries

List name and address of each beneficiary receiving a portion of distributions reported on line 35. If more than 10 beneficiaries, attach a separate schedule.

A Name and Address of Beneficiary (Name Street Address City State Zip Code	B Identification Number	C <input type="checkbox"/> Resident <input type="checkbox"/> Nonresident	D Interest and Dividends Received by Beneficiary	E Capital Gains Received by Beneficiary	F Other Income Received by Beneficiary	G Total Income Distribution Received by Beneficiary
1. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
2. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
3. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
4. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
5. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
6. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
7. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
8. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
9. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
10. _____	SSN FEIN	<input type="checkbox"/> Resident <input type="checkbox"/> Nonresident				
Column Totals						

Use additional sheets if necessary or you may use a document formatted similarly to Schedule I as a substitute.

Schedule II - Nonresident Estate and Trust Tax (Include only the income that has not been distributed.)	Column A - Undistributed income from Form FID-3, page 1	Column B - Montana source income included in the amount in Column A
1. Montana source interest income.1.		
2. Montana source ordinary dividends.2.		
3. Montana source business income or (loss)3.		
4. Montana source capital gain or (loss).4.		
5. Montana source rental real estate, royalties, partnerships, S corporations, other estates and trusts, etc.5.		
6. Montana source farm income or (loss).6.		
7. Montana source ordinary gain or (loss).7.		
8. Montana source other income.8.		
9. Montana source interest and mutual fund dividends from other states' state, county or municipal funds.9.		
10. Montana source dividends not included in federal adjusted gross income.10.		
11. Montana source taxable federal refund.11.		
12. Montana source other recoveries of amounts deducted in earlier years that reduced Montana taxable income in those years.12.		
13. Montana source other additions.13.		
14. Add lines 1 through 13 and enter the result here. This is your Montana source income in column B.14.		
15. Divide the amount in Column B, line 14 above by the amount in Column A, line 14 above and enter result here. Carry to 4 decimal places and do not enter more than 1.0000.15.		
16. Enter your resident tax after capital gains credit reported on Form FID-3, line 42.16.		
17. Multiply the tax on line 16 by the percentage on line 15 and enter the result here and on Form FID-3, page 2, line 42a. This is your nonresident tax after capital gains credit.17.		

Column A - Enter on lines 1 through 13 the undistributed income from FID-3, lines 1 through 8 and lines 10 through 15.

Column B - Enter on lines 1 through 13 the undistributed Montana source income from FID-3, lines 1 through 8 and lines 10 through 15.

How do I determine what is my Montana source income when I am a nonresident trust or estate?

In general, as a nonresident estate or trust your Montana source income is all the income that you receive for work performed in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana. For additional information regarding Schedule II, please see the instructions on pages 9 and 10.

2008 Montana Fiduciary Income Tax Table									
If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax	If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax
\$0	\$2,600	1% (0.010)	\$0		\$9,500	\$12,200	5% (0.050)	\$237	
\$2,600	\$4,600	2% (0.020)	\$26		\$12,200	\$15,600	6% (0.060)	\$359	
\$4,600	\$7,000	3% (0.030)	\$72		More than \$15,600		6.9% (0.069)	\$499	
\$7,000	\$9,500	4% (0.040)	\$142						

For Example: Taxable Income \$6,800 X 3% (0.030) = \$204; \$204 Minus \$72 = \$132 Tax

Schedule III - Montana Tax Credits

Nonrefundable credits that are single-year credits and HAVE NO carryover provision.

1. Credit for an income tax liability paid to another state or country from Form FID-3, Schedule IV. Attach Form FID-3, Schedule IV.	1.	
2. College contribution credit. Attach Form CC.	2.	
3. Qualified endowment credit. Attach Form QEC.	3.	
4. Energy conservation installation credit. Attach Form ENRG-C.	4.	
5. Alternative fuel credit. Attach Form AFCR.	5.	
6. Health insurance for uninsured Montanans credit. Attach Form HI.	6.	
7. Elderly care credit. Attach Form ECC.	7.	
8. Recycle credit. Attach Form RCYL.	8.	
9. Oilseed crushing and biodiesel/biolubricant production facility credit. Attach Form OSC.	9.	
10. Biodiesel blending and storage credit. Attach Form BBSC.	10.	

Nonrefundable credits that HAVE a carryover provision.

11. Contractor's gross receipts tax credit.	11.	
12. Geothermal systems credit. Attach Form ENRG-A.	12.	
13. Alternative energy systems credit. Attach Form ENRG-B.	13.	
14. Alternative energy production credit. Attach Form AEPC.	14.	
15. Dependent care assistance credit. Attach Form DCAC.	15.	
16. Historic property preservation credit. Attach federal Form 3468.	16.	
17. Infrastructure users fee credit.	17.	
18. Empowerment zone credit.	18.	
19. Increasing research activities credit. Attach Form RSCH.	19.	
20. Mineral exploration incentive credit. Attach Form MINE-CRED.	20.	
21. Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election.	21.	
22. Adoption credit. Attach federal Form 8839.	22.	
23. Add lines 1 through 22 and enter result here and on Form FID-3, line 45. This is your total nonrefundable credits.	23.	

Refundable credits.

24. Film employment production credit. Attach Form FPC.	24.	
25. Film qualified expenditure credit. Attach Form FPC.	25.	
26. Insure Montana small business health insurance credit. Business FEIN _____	26.	
NEW 27. Temporary emergency lodging credit. Attach Form TELC.	27.	
28. Add lines 24 through 27 and enter result here and on Form FID-3, line 53. This is your total refundable credits.	28.	

Montana Tax Credits

We have listed the Montana tax credits available to you under three categories. With the exception of the capital gains tax credit, which is required to be applied before any other credit, you are not required to apply any of these tax credits against your income tax liability in any particular order.

Nonrefundable single-year credits. The nonrefundable single-year credits can only be used to offset the 2008 tax after capital gains credit and cannot reduce the tax liability below zero. The unused portion that exceeded the 2008 tax liability cannot be carried forward or back to other tax years.

Nonrefundable carryover credits. The nonrefundable carryover credits can be used to offset the 2008 tax after capital gains credit and cannot reduce the tax liability below zero. The excess credits that were not applied against the 2008 income tax liability can be carried over and used to offset future year tax liabilities.

Refundable Credits. The refundable credits are applied against the income tax liability with any unused credit refunded to the estate or trust.

Please note: If the trust is a grantor trust, the credits are reported on the Montana individual income tax return.

Schedule IV - Credit for an Income Tax Liability Paid to Another State or Country
Resident Estates or Trusts Only

1. Enter your income taxable to another state or country that is included in Montana income on Form FID-3, line 24. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your estate or trust.	1.
2. Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. Indicate state's abbreviation. A: _____ B: _____	2.
3. Enter your total Montana income from Form FID-3, line 24. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your estate or trust.	3.
4. Enter your total income tax liability paid to the other state or country.	4.
5. Enter your Montana tax liability from Form FID-3, line 42.	5.
6. Divide line 1 by line 2. Enter the percentage here, but not greater than 100%.	6.
7. Multiply line 4 by line 6 and enter the result here.	7.
8. Divide line 1 by line 3. Enter the percentage here, but not greater than 100%.	8.
9. Multiply line 5 by line 8 and enter the result here.	9.
10. Enter here and on Form FID-3, Schedule III, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country.	10.

- You are not entitled to a Montana tax credit for taxes paid to a foreign country unless you have unused federal credit that is not eligible to be carried back or carried forward to another tax year.
- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- You will need to complete a separate Schedule IV for each state or country to which you have paid an income tax liability. You cannot combine payments on one schedule.
- This is a nonrefundable single year credit. It cannot reduce your Montana tax liability below zero.
- No unused credit amount can be carried forward.

Schedule V - Reporting of Special Transactions

Complete Schedule V only if your estate or trust filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "Yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1041.

- | | | |
|--|--------------------------|-----|
| 1. My estate or trust filed federal Form 8918 – Material Advisor Disclosure Statement with the Internal Revenue Service. | <input type="checkbox"/> | Yes |
| Form 8918 is required to be filed by material advisors to any reportable transactions. | | |
| 2. My estate or trust filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service. | <input type="checkbox"/> | Yes |
| NOTE: Check this box if your like-kind exchange includes Montana property. Nonresidents do not have to report a like-kind exchange if the properties involved do not include Montana property. Form 8824 is used to report each exchange of business or investment property for property of a like kind. | | |
| 3. My estate or trust filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service. | <input type="checkbox"/> | Yes |
| Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), Section 6038B (reporting of transfers to foreign partnerships), or Section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest). | | |
| 4. My estate or trust filed federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service. | <input type="checkbox"/> | Yes |
| Form 8886 is used to disclose information for each reportable transaction in which you participated. | | |

Montana Department of Revenue
Post Office Box 8021
Helena, MT 59604-8021

PRSRT STD
U.S. POSTAGE
PAID
MONTANA DEPARTMENT
OF REVENUE

No Return

Important Numbers

Tax Questions and Assistance toll free (866) 859-2254 (in Helena, 444-6900)
Forms Request..... toll free (866) 859-2254 (in Helena, 444-6900)
For the Hearing Impaired (406) 444-2830
Fax..... (406) 444-6642