



**2008 Health Insurance for Uninsured Montanans Credit**  
15-30-129 and 15-31-132, MCA

Name (as it appears on your tax return) \_\_\_\_\_

Your Social Security Number or Federal Employer Identification Number \_\_\_\_\_

If this credit is passed through to you from a partnership or S corporation, please indicate the name of the partnership or S corporation, FEIN, and your percentage of ownership in the partnership or S corporation.

Name \_\_\_\_\_ FEIN \_\_\_\_\_ Percent of Ownership \_\_\_\_\_ %

**Part I. Qualifications**

To qualify for this credit you will have to answer "Yes" to each of the three statements below. A "No" answer means you are not eligible for this credit.

- I have been in business in Montana for at least 12 months. ....  Yes  No
- I employ 20 or fewer employees who work at least 20 hours per week. ..  Yes  No
- I pay at least 50% of each Montana employee's insurance premium. ....  Yes  No

**Part II. Credit Computation**

This tax credit is limited to a maximum of 10 employees.

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Employee	Enter the employee's monthly premium amount.	Enter the percentage of premiums paid by you as an employer.	This is your maximum monthly credit.	Multiply the amount in Column 2 by the amount in Column 3 and enter the result here.	Enter the number of months each employee is insured.	Multiply the amount in Column 1 by the amount in Column 5 and enter the result here.	Multiply the amount in Column 4 by the amount in Column 5 and enter the result here.
1.		%	\$25				
2.		%	\$25				
3.		%	\$25				
4.		%	\$25				
5.		%	\$25				
6.		%	\$25				
7.		%	\$25				
8.		%	\$25				
9.		%	\$25				
10.		%	\$25				
Total							

1. Multiply the total of column 6 by 50% (0.50) and enter the result here. .... 1.
2. Enter the total of column 7 here. .... 2.
3. Enter the smaller of line 1 or line 2 here and on Form 2, Schedule V, for individuals; Form CLT-4, Schedule C, for C corporations, Form CLT-4S, Schedule II, for S corporations, or Form PR-1, Schedule II, for partnerships. **This is your health insurance for uninsured Montanans credit.** 3.

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

## Form HI General Instructions

### What is disability insurance?

“Disability Insurance” is insurance against:

- bodily injury, bodily disablement or accidental death or the medical expense or medical reimbursement involved, or
- bodily disablement or the medical expense or reimbursements resulting from sickness.

In essence disability insurance is the same as “health insurance” and includes any insurance plan offered by an insurance company that provides coverage such as:

- personal health
- disablement
- accidental death
- medical expenses or the reimbursement of these expenses

However, disability insurance does not include workers’ compensation insurance or credit disability insurance. You cannot use your workers’ compensation insurance or credit disability insurance premiums in calculating this credit.

### I am an employer who provides health insurance to my employees. What qualifications do I have to meet in order to be eligible for this credit?

As an employer who provides health insurance to your employees, you must meet the requirements of the Small Employer Health Insurance Availability Act. In addition, you must answer yes to each of the following statements to qualify for this credit:

- I have been in business in Montana for at least 12 months.
- I employ 20 or fewer employees who work at least 20 hours per week.
- I pay at least 50% of each Montana employee’s insurance premiums.

### What is the Small Employer Health Insurance Availability Act?

The Small Employer Health Insurance Availability Act was created by the Montana legislature in 1993. The purpose of this act is to:

- promote the availability of health insurance coverage to small employers regardless of health status or claims experience
- establish rules regarding renewability of coverage
- establish limitations on the use of preexisting condition exclusions
- provide for the development of basic and standard health benefit plans to be offered to all small employers
- provide for the establishment of a reinsurance program
- improve the overall fairness and efficiency of the small employer health insurance market

### How can I determine if I am a small employer who qualifies for this credit?

You are a small employer if you are an individual, firm, corporation, partnership, or a bona fide association that is actively engaged in business and that employs at least two but not more than 20 employees who work at least 20 hours a week during the year the credit is claimed. An employee, for the purpose of this credit, can be the sole proprietor himself or herself, a partner in a partnership, or an independent contractor as long as each one of these classes of employees are included as an employee under your employer health benefit plan.

### I am a seasonal employer who employs more than 20 employees on a part-time or temporary basis. Am I still eligible as a small employer to claim this credit?

No, you are not. Because your seasonal employees increase your total employee count to more than 20 employees in the year, you are not considered a small employer for purposes of claiming this credit. However, if your seasonal employees do not increase your employee count to more than 20, you will qualify for this credit as long as you meet all the other requirements of an employer.

### I employ 20 or fewer employees who work at least 20 hours a week. However, turnovers throughout the year increased the total number of individuals that work for me to more than 20. Am I still eligible as a small employer to claim this credit?

Yes, you are. Although more than 20 individuals were employed throughout the tax year, your total employee count did not exceed 20 employees at any one time.

### How do I claim this credit when I am a partner or shareholder in a partnership or S corporation?

When the partnership or S corporation provides health insurances for its employees, the entity will report the credit on its informational tax return and provide you with your share of the credit.

Your share of the credit that is passed through to you by your S corporation or partnership is based on the same proportion used by you to report your income and loss for Montana tax purposes.

When the contribution is made by your S corporation or partnership, remember to provide the entity’s name, federal employer identification number and your percentage of ownership.

### Can I carry any of my excess health insurance credit back to a prior year or forward to a subsequent year?

No, you cannot. Your credit cannot exceed your tax liability. You cannot carry back or carry forward any of your unused credit.

### What information do I have to include with my tax return when I claim this credit?

When you claim this credit, attach a copy of Montana Form HI to your individual income tax or corporate license tax return. If you are an S corporation or a partnership and are claiming this credit, attach Montana Form HI to your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their proportionate share of this credit.

### What limitations apply to this credit?

The credit cannot exceed 50% of the premium cost for each employee and cannot be claimed for a period of more than 36 consecutive months. A tax credit cannot be granted to an employer or the employer’s successor within 10 years of the last consecutive credit claimed.

**Please note:** If you are using insurance premiums to calculate the Insure Montana small business health credit (which is a separate credit), then premium payments cannot be used to calculate the health insurance for the credit.

If you have questions, please call us toll free at (866) 859-2254 (in Helena, 444-6900).