

Instructions: You may claim a credit for an income tax liability paid to another state or country by yourself, your S. corporation or your partnership. If you claim this credit for an income tax paid by your S. corporation or partnership, you will need to include as an addition to federal adjusted gross income on Form 2A, Schedule I, line 16 your share of the S. corporation's or partnership's deduction for income tax paid, whether separately or non-separately stated on your federal K-1.

- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S. corporation or partnership.
- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You cannot combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2A, Schedule IV before completing Form 2A, Schedule VII.

| Schedule VI: Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only. | | Column A (for single, joint, separate, or head of household) | Column B (for spouse, when filing separately using filing status 3a) |
|--|---|--|--|
| 1 | Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 40. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership. | | |
| 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. | | |
| 3 | Enter your total Montana adjusted gross income from Form 2, line 40. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S. corporation or partnership. | | |
| 4 | Enter your total income tax liability paid to the other state or country. | | |
| 5 | Enter your Montana tax liability from Form 2, line 48. | | |
| 6 | Divide line 1 by line 2. Enter the percentage here, but not greater than 100%. | | |
| 7 | Multiply line 4 by line 6 and enter the result here. | | |
| 8 | Divide line 1 by line 3. Enter the percentage here, but not greater than 100%. | | |
| 9 | Multiply line 5 by line 8 and enter the result here. | | |
| 10 | Enter here and on Form 2A, Schedule V, 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. | | |
| Schedule VII: Credit for an Income Tax Liability Paid to Another State or Country. Part-year resident only. | | Column A (for single, joint, separate, or head of household) | Column B (for spouse, when filing separately using filing status 3a) |
| 1 | Enter your income taxable to another state or country that is included in Montana source income on Form 2A, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership. | | |
| 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. | | |
| 3 | Enter your total Montana source income from Form 2A, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S. corporation or partnership. | | |
| 4 | Enter your total income tax liability paid to the other state or country. | | |
| 5 | Enter your Montana tax liability from Form 2, line 48a. | | |
| 6 | Divide line 1 by line 2. Enter the percentage here, but not greater than 100%. | | |
| 7 | Multiply line 4 by line 6 and enter the result here. | | |
| 8 | Divide line 1 by line 3. Enter the percentage here, but not greater than 100%. | | |
| 9 | Multiply line 5 by line 8 and enter the result here. | | |
| 10 | Enter here and on Form 2A, Schedule V, 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. | | |