

Worksheet I - IRA Deduction

If you are using the same filing status for Montana income tax purposes as you are using for your federal income tax return, stop here, you do not have to complete this worksheet. Your 2006 Montana IRA deduction is the amount you reported on Form 2, line 32. You will use this worksheet only when you have claimed an IRA deduction on Form 2, line 32 and you are filing your Montana income tax return separately with your spouse (filing status 3a, 3b or 3c) and your federal income tax return jointly with your spouse.

If you and your spouse were not covered by a retirement plan during the year, you and your spouse's Montana and federal IRA deductions will be the same (maximum \$4,000 per spouse, or \$5,000 if 50 years old or older). If part of your IRA deduction is attributable to the IRA of a nonworking spouse, add this amount back on Schedule I, line 6c in the column of the nonworking spouse.

If during the tax year, one or both spouses were covered by a retirement plan, complete both columns of the worksheet below to determine if there is a difference between your allowable federal and Montana IRA deductions.

	Column A (for the spouse who has an IRA deduction on Form 2, line 32, column A)	Column B (for the spouse who has an IRA deduction on Form 2, line 32, column B)	
1. Married filing separately and you lived with your spouse at any time in 2006	\$10,000	\$10,000	1.
2. Enter the amount from Form 2, line 22			2.
3. Enter the total of the amounts from Form 2, lines 23 through 31a, plus any write-in adjustments you entered on the dotted line next to line 36			3.
4. Subtract line 3 from line 2 and enter the result here. This is your modified adjusted gross income for traditional IRA purposes.....			4.
5. Is the amount on line 4 less than the amount on line 1? <input type="checkbox"/> No. If your answer is no, stop here. None of your IRA contributions are deductible. <input type="checkbox"/> Yes. If your answer is yes, subtract line 4 from line 1 and enter the result here. If your result is \$10,000 or more, enter \$4,000 (\$5,000 if you are age 50 or older at the end of 2006) on line 6, and then proceed to line 7			5.
6. Multiply line 5 by 0.40 (40%). But if the person using the column is age 50 or older, multiply line 5 by 0.50 (50%). If your result is \$200 or more, enter that result. But if your result is less than \$200, enter \$200, since this is the minimum amount allowed			6.
7. Enter your federal IRA deduction from Form 2, line 32.....			7.
8. Enter the lesser of line 6 or line 7			8.
9. Subtract line 8 from line 7 and enter the amount here and on Form 2, Schedule I, line 6c. This is your nondeductible IRA portion for Montana			9.

