

Column F, Page 2 - Taxable Income Enter the total of Column C minus Columns D and E.

Column G, Page 2 - Tax from Tax Table Calculate the tax from the tax tables provided on Form PT-CR1, Page 1.

Column H, Page 2 - Montana Total Income Enter participant's share of the entity's Montana source income. The participant's share of Montana source income is the aggregate of his/her share of income, gain, losses, or deductions or other expenses of the entity which are deductible only by the entity and which are attributable to Montana.

Column I, Page 2 - Ratio Divide Montana total income (Column H) by federal income from entity (Column I). Carry to four decimal places. Do not enter more than 1.000.

Column J, Page 2 - Montana Tax Liability Multiply amount in Column G, Tax from Tax Table by the ratio in Column I. This is the participant's Montana composite tax liability.

Lines 1 through 7, Page 1 - Enter column totals from page 2.

Payments and Credits

Line 8, Page 1 - Payment of 2002 estimated tax, amounts credited from previous year Enter your total Montana estimated tax payments for 2002. Include overpayments from 2001 which were credited to 2002.

Line 9, Page 1 - Payment made with extension Enter your total Montana extension tax payment for 2002.

Line 10, Page 1 - Total payments: Enter the sum of lines 8 and 9.

Refund or Balance Due

Line 11, Page 1 - Amount Overpaid If line 10 is larger than line 7, enter the difference. This is your overpayment. You can choose to have all or part of this amount refunded to you (line 13). The remainder, if any, can be applied to your estimated tax for 2003 (line 12). Only overpayments of more than \$1 will be refunded.

Line 12, Page 1 - Enter the amount from line 11 that you want applied to Estimated Tax for year 2003.

Line 13, Page 1 - Enter the amount from line 11 that you want refunded to you.

Line 14, Page 1 - Tax Due - If line 7 is larger than line 10, enter the difference. This is your composite tax due.

Line 15, Page 1 - If you were required to make estimated tax payments and did not remit the required amounts, you must pay an underpayment penalty. Complete worksheet to calculate the penalty.

Line 16, Page 1 - If you file your composite return late, you may have a late file penalty of \$50 or the amount of tax owing, whichever is smaller. There is no late file penalty if you are receiving a refund.

Line 17, Page 1 - If you file your composite return late or do not pay by the due date of the entity's return, you must pay a late pay penalty. The penalty is 1.5% per month or fraction of month on the unpaid tax. The penalty may not exceed 18% of the tax due.

Line 18, Page 1 - Interest will be assessed on any tax not paid by the due date of the entity's return. Interest is 12% per year accrued at 1% per month or fraction of a month.

Worksheet I - Calculation of Underpayment Penalty for Failure to Make Estimated Payments

Underpayment Penalty of Estimated Tax

In 2002 you must have paid through estimated installments or a combination of withholding and estimated installments the smaller of 1) 90% of your current year's tax liability after credits, or 2) an amount equal to 100% of your previous year's total tax liability. Payments made with extensions are not considered estimated payments. If you do not meet this requirement, you may be subject to an underpayment penalty.

Short Method

- | | |
|---|---|
| <p>1. Enter your 2002 composite tax from line 7 on Form PT-CR1. _____</p> <p>2. Enter 90% of line 1 above. _____</p> <p>3. Enter your total amount credited from previous year reported on PT-CR1, line 8. _____</p> <p>4. Subtract line 3 from line 1. If the result is \$500 or less, do not complete the rest of the form. You do not owe the underpayment penalty. _____</p> <p>5. Enter your 2001 composite tax. _____</p> | <p>6. Enter the smaller of line 2 or line 5. _____</p> <p>7. Enter the amount from line 3 plus any estimated payments made. _____</p> <p>8. <u>Total underpayment for the year.</u> Subtract line 7 from line 6. If zero or less, stop here. You do not owe the underpayment penalty. _____</p> <p>9. Multiply line 8 by .07980 and enter the result. _____</p> <p>10. If the amount on line 8 was paid on or after the due date of the information return, enter -0-. If the amount on line 8 was paid before, the due date of the information return multiply: Amount on line 8 x number of days paid before the due date of the information return x .0003288. _____</p> <p>11. Underpayment interest penalty. Subtract line 10 from line 9. Enter the results here and on Form PT-CR1, line 15. Total Due: _____</p> |
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Instructions for Schedule K

In most cases, multistate taxpayers must compute their Montana taxable income by means of the apportionment factor calculated on Schedule K. The apportionment factor is the standard UDITPA (Uniform Division of Income for Tax Purposes Act) three-factor formula of property, payroll, and sales used by most states with a corporate tax based on net income.

When a corporation is engaged in a unitary business within and without the State of Montana, the net income assignable to Montana must be determined using the apportionment factor. A business is unitary when the operations of the business within the state is dependent upon or contributory to the operations of the business outside the state. Schedule K must be fully completed by every corporation carrying on a unitary business within and without the state.

If the determination of income attributable to Montana is made on some basis other than the apportionment method, a full and detailed description of the operation and an explanation of the method proposed must accompany the return. However, Schedule K must be completed even in a case where a taxpayer uses an alternative method of determining Montana taxable income.

A detailed explanation of the calculation of apportionment factor is as follows:

Property Factor (Line 1, Schedule K): 15-31-306, MCA, defines the property factor as a fraction, the numerator being the average value of the taxpayer's real and tangible personal property owned or rented and used in Montana in the production of business income during the tax period and the denominator being the average value of all the taxpayer's real and tangible personal property owned or rented and used in the production of business income during the tax period.

Property owned by the taxpayer is valued at its original cost. Real and tangible personal property used in the business includes land, buildings, machinery, equipment, stocks of goods, inventories, and other tangible property actually used in connection with the production of business income to be apportioned, but it does not include money, accounts receivable, or other intangible property, real property held for investment or nonbusiness purposes or idle property of any nature.

Migratory property must be included in the numerator of the factor to the extent utilized in Montana.

Unless otherwise required by the Department of Revenue, the average value of owned property shall be determined by averaging the values at the beginning and ending of the tax period.

Property rented by the taxpayer must be valued at eight times the net annual rental rate. Rental expenses may not be averaged. The rental expenses for the current year must be used in the property factor.

Payroll Factor (Line 2, Schedule K): 15-31-308, MCA defines the payroll factor as a fraction, the numerator being the total amount paid in Montana during the tax period by the taxpayer for compensation attributable to the production of business income and the denominator being the total amount paid everywhere during the tax period for compensation attributable to the production of business income.

15-31-309, MCA states that payroll is paid in Montana if:

- Individual's service is performed entirely within the state;
- Individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or
- Some of the service is performed in the state and
 - Base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state; or
 - Base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

Sales Factor (Line 3, Schedule K): The term "sales" means all gross receipts of the taxpayer exclusive of nonbusiness income. 15-31-310, MCA defines the sales factor as a fraction, the numerator being the total sales of the taxpayer in Montana during the tax period and the denominator being the total sales of the taxpayer everywhere during the tax period.

Sales of tangible personal property are considered to be in the state if:

- Property is delivered or shipped to a purchaser, other than the United States Government; or
- Taxpayer is not taxable in the state of the purchaser.

Sales, other than sales of tangible personal property, are in this state if:

- Income-producing activity is performed in this state; or
- Income-producing activity is performed both in and outside this state and the greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

Sum of Factors (Line 4, Schedule K): Add lines 1, 2, and 3; enter the sum of the factors on line 4.

Apportionment Factor (Line 5, Schedule K): Divide line 4 by the number of factors present. For example, if the taxpayer reports only a sales factor and a property factor, but does not have payroll (in Montana or anywhere) to report a payroll factor; then the taxpayer would divide line 4 by 2 (the total of the existing factors), rather than 3. Enter the apportionment factor on line 5 of Schedule K and on line 16, page 1.

Shareholder Information

The shareholder information schedule on Form CLT-4S must be completed with the shareholder's name, address, social security number or federal employer identification number, ownership interest, and total Montana source income. For a nonresident shareholder, complete the columns titled composite return, PT-CON (Consent Agreement), and PT-WH (nonresident shareholder withholding requirement).



2002 Montana Small Business Corporation Information Return

MONTANA
CLT-4S
Rev. 8-02

For calendar year 2002 or tax year beginning _____, 2002; ending _____, 20

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Multistate Corporation	Name	Check box if this is <input type="checkbox"/> a change of address.	FEIN: _____
	Address		Federal Business Code: _____
	City	State	Zip + 4
Reporting Method: Cash _____ Accrual _____ Other (please specify) _____			Date: _____
			Date Qualified in Montana: _____

Are you filing the forms below with your Montana S. corporation Return, CLT-4S?

	Yes	No
Form PT-CR1 - Montana Composite Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-CON - Montana Nonresident Income Tax Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-WH - Nonresident Individual Withholding	<input type="checkbox"/>	<input type="checkbox"/>

1. Ordinary income (loss) from trade or business activities (Form 1120S, page 1, line 21)	1.		
2. Net income (loss) from rental real estate activities	2.		
3. a. Gross income from other rental activities	3a.		
b. Expenses from other rental activities (attach schedule)	3b.		
Net income (loss) from other rental activities (subtract line 3b from line 3a)	3.		
4. Portfolio income (loss):			
a. Interest income	4a.		
b. Dividend income	4b.		
c. Royalty income	4c.		
d. Net short-term capital gain/(loss) (attach Federal Schedule D)	4d.		
e. Net long-term capital gain/(loss) (attach Federal Schedule D)	4e.		
f. Other portfolio income (loss)	4f.		
Total portfolio income	4.		
5. Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5.		
6. Other income (loss)	6.		
7. Total lines 1 through 6	7.		
8. Charitable contributions (attach schedule)	8.		
9. Section 179 expense deduction (attach Form 4562)	9.		
10. Deductions related to portfolio income/(loss) (you must itemize)	10.		
11. Other deductions (attach schedule)	11.		
12. Total lines 8 through 11	12.		
13. Add: a. Interest and dividends not taxable under the Internal Revenue Code (non-Montana)	13a.		
b. Taxes based on income or profits	13b.		
c. Other additions (attach detailed breakdown)	13c.		
Total Montana additions to income	13.		
14. Subtract: a. Interest on U.S. Government Obligations (attach schedule)	14a.		
b. Deduction for purchasing recycled material (attach Form RCYL)	14b.		
c. Other deductions (attach detailed breakdown)	14c.		
Total Montana deductions to income	14.		
15. Income taxable to shareholders (line 7 - line 12 + line 13 - line 14)	15.		
16. Multistate taxpayers: line 15 X _____% from Schedule K, line 5	16.		
17. Multistate taxpayers: Income allocated directly to Montana	17.		
Payments			
18. S. corporation late file penalty (see instructions)	18.		

Check here, if you do not need the Montana Small Business Corporation Information Return and Instructions sent to you next year.

A copy of your Federal Form 1120S and Schedule K-1's must be attached

Schedule K	Apportionment Factors for Multistate Taxpayers		
	A. Everywhere	B. Montana	C. Factor
1. Property Factor:			(B divided by A = C)
Use average value for real and tangible personal property			
Land			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Inventories			
Supplies and other			
Rents multiplied by 8			
Total property			%
2. Payroll Factor:			
Compensation of officers			
Salaries and wages			
Payroll included in:			
Cost of goods sold			
Repairs			
Other deductions			
Total payroll			%
3. Sales (Gross Receipts) Factor:			
Gross sales, less returns			
Other (attach schedule)			
Total sales			%
4. Sum of factors (add lines 1, 2, and 3)			%
5. Apportionment factor (1/3 of line 4; if less than 3 factors exist, see instructions) (Enter here and on line 16, page 1)			%

Declaration

The return must be signed by one of the following: president, vice-president, treasurer, assistant treasurer, or chief accounting officer. I, the undersigned officer of the corporation for which this return is made, hereby declare that this return, including all accompanying schedules and statements, is to the best of my knowledge and belief, a true, correct and complete return, made in good faith for the income period stated, pursuant to the Montana statutes and regulations.

Signature of Officer Date

Name of Person or Firm Preparing Return Date

Title Telephone Number

Address

Zip Code

Telephone Number

Check here to authorize the Montana Department of Revenue to discuss your return with the individual/preparer listed above.



2002 Montana Composite Income Tax Return

MONTANA
PT-CR1
New 8-02

For calendar year 2002 or tax year beginning _____, 2002; ending _____, 20____

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Amended Return	Entity Name _____ Address _____ City _____ State _____ Zip + 4 _____	FEIN: _____ Federal Business Code: _____
<input type="checkbox"/> S. corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Disregarded Entity		

1. Federal income from entity (Page 2, Column C)	1.		
2. Standard deduction (Page 2, Column D)	2.		
3. Exemption (Page 2, Column E)	3.		
4. Taxable income (Page 2, Column F)	4.		
5. Tax from tax table (Page 2, Column G)	5.		
6. Montana total income (Page 2, Column H)	6.		
7. Montana total tax (Page 2, Column J)	7.		
Payments and Credits			
8. Payment of 2002 estimated tax, amounts credited from previous year	8.		
9. Payment made with extension	9.		
10. Total payments (Line 8 and Line 9)	10.		
Refund or Amount Owed			
11. If line 10 is larger than line 7, enter the difference. Overpayment =	11.		
12. Amount on line 11 to be applied to 2003 estimate 12. <input style="width: 100px;" type="text"/>			
13. Enter the amount on line 11 you want refunded to you (Refunds more than \$1.00 will be issued.) Refund =	13.		
14. If line 7 is larger than line 10, enter the difference (If you owe, see instructions for this line.) Tax Due =	14.		
15. Underpayment penalty (See Worksheet I)	15.		
16. Late filing penalty	16.		
17. Late payment penalty	17.		
18. Interest 1% (.01) per month	18.		
19. Total of lines 14 through 18	19.		

Name, address and telephone number of tax preparer _____

May the Department of Revenue discuss this return with the tax preparer shown above? Yes No

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

Your Signature _____	Date _____	Daytime Telephone Number _____
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If Taxable Income is:				Tax Table				If Taxable Income is:			
Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax
\$ 0	\$ 2,200	X 2 %	\$ 0	\$17,400	\$21,800	X 7 %	\$ 458	\$17,400	\$21,800	X 7 %	\$ 458
\$ 2,200	\$ 4,400	X 3 %	\$ 22	\$21,800	\$30,500	X 8 %	\$ 676	\$21,800	\$30,500	X 8 %	\$ 676
\$ 4,400	\$ 8,700	X 4 %	\$ 66	\$30,500	\$43,500	X 9 %	\$ 981	\$30,500	\$43,500	X 9 %	\$ 981
\$ 8,700	\$13,100	X 5 %	\$ 153	\$43,500	\$76,200	X 10 %	\$ 1,416	\$43,500	\$76,200	X 10 %	\$ 1,416
\$13,100	\$17,400	X 6 %	\$ 284	\$76,200		X 11 %	\$ 2,178	\$76,200		X 11 %	\$ 2,178
Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$22 = \$50 tax											

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

Montana Composite Income Tax Return

Name of Entity	Federal Employer Identification Number
Number of qualifying nonresident shareholders, partners or members filing a composite return:	

Column A Name of Shareholder, Partner or Member	Column B Social Security Number	Column C Federal Income from Entity	Column D Standard Deduction	Column E Exemption	Column F Taxable Income	Column G Tax from Tax Table	Column H Montana Total Income	Column I Ratio	Column J Montana Tax Liability
Enter total of columns here and on Page 1 of Form PT-CR1									

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If there are more than 17 nonresident shareholders, partners or members, photocopy and attach additional pages as needed. A computer printout in the same format is acceptable.



Montana Nonresident Income Tax Agreement

Type of Organization (check only one)

S. corporation Partnership Limited Liability Company Limited Liability Partnership Disregarded Entity

Internal Revenue Service Center where nonresident individual's federal return is filed _____

I declare that I am or have been a nonresident of Montana and hereby agree that I will timely file a Montana individual income tax return, Form 2, and pay any income tax due; and I will include in my Montana adjusted gross income the portion of the above named organization's income attributable to my interest in the said organization for the indicated taxable year. This agreement shall be binding upon my heir's representatives, assigned successors, executors, and administrators.

Signature of nonresident, partner, member, or shareholder _____

_____ Date

Attach this agreement to the organization's Montana income tax return.

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

Instructions

Who may file. Any nonresident individual taxpayer who has Montana source income derived from an S. corporation, partnership, limited liability company, limited liability partnership, or disregarded entity may complete a Montana Nonresident Income Tax Agreement, Form PT-CON, if the taxpayer was a nonresident of Montana during any part of the organization's tax year.

When and where to file. Form PT-CON must be completed and delivered to the organization prior to the filing of the organization's Montana information return. The due date for the Montana information return for partnerships is the 15th day of the fourth month following the close of the taxable year. The due date for the Montana information return of an S. corporation is the 15th day of the third month following the close of the taxable year. The due date for the Montana information return of a disregarded entity is the due date of the individual or entity in which the income, gain, loss, deduction or credit is reported for federal income tax purposes.

If Form PT-CON is filed. The nonresident individual who has filed the Form PT-CON is required to timely file a Montana individual income tax return, Form 2. Such return must report and pay tax on the nonresident's share of the organization's Montana income attributable to their interest in the organization during the taxable year as well as any

other Montana source income the nonresident has earned. Nonresidents must report their total income, notwithstanding the source of the income and are entitled to full exemptions and deductions in arriving at taxable income. Their Montana tax liability is based on multiplying the ratio of Montana source income to total income from all sources. (See Montana Form 2 instruction booklet for further details).

If Form PT-CON is not filed. If a Form PT-CON is not attached to the organization's information return for a nonresident individual, and the nonresident individual has not elected to participate in the filing of a composite return, the organization is required to remit 11 percent of the nonresident's share of the organization's income derived from or attributable to Montana sources. The withholding is to be remitted with the Statement of Montana Income Tax Withholding for Nonresident Individual, Form PT-WH, and the organization's Montana return. When the nonresident files an individual income tax return Form 2, the remittance submitted by the organization will be allowed as a credit against the taxpayer's Montana income tax liability.

If the organization has filed a Form PT-WH and withheld tax on all the Montana income attributable to the nonresident, this withholding is considered an estimated payment on the account of the nonresident individual and does not relieve the individual of the requirements of filing a Montana individual income tax return.



Statement of Montana Income Tax Withheld for Nonresident Individual

Nonresident Individual's Name and Mailing Address Name			Organization's Name and Mailing Address Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Social Security Number		Spouse's Social Security Number		Federal Employer Identification Number	
1. Nonresident individual's share of Montana source income reflected on the organization's income tax return.		\$ _____		Type of Organization (check only one) <input type="checkbox"/> S. corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Disregarded Entity	
2. Amount of Montana income tax withheld and remitted (11% of the amount on line 1). See instructions.		\$ _____		Taxable year of organization Beginning _____, 20____ and ending _____, 20____	

To be filed in the absence of Form PT-CON, a nonresident income tax agreement, or participation in a composite return.



Statement of Montana Income Tax Withheld for Nonresident Individual

Nonresident Individual's Name and Mailing Address Name			Organization's Name and Mailing Address Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Social Security Number		Spouse's Social Security Number		Federal Employer Identification Number	
1. Nonresident individual's share of Montana source income reflected on the organization's income tax return.		\$ _____		Type of Organization (check only one) <input type="checkbox"/> S. corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Disregarded Entity	
2. Amount of Montana income tax withheld and remitted (11% of the amount on line 1). See instructions.		\$ _____		Taxable year of organization Beginning _____, 20____ and ending _____, 20____	

To be filed in the absence of Form PT-CON, a nonresident income tax agreement, or participation in a composite return.

Instructions

Who must file. Every S. corporation, partnership, limited liability company, limited liability partnership, or disregarded entity must complete the Statement of Montana Income Tax Withholding for Nonresident Individual, Form PT-WH, for each nonresident individual partner, member, or shareholder who did not complete a Montana Nonresident Income Tax Agreement Form PT-CON or elected to participate in the filing of a composite income tax return. Do not file Form PT-WH for entities other than individuals.

When and where to file. The Form PT-WH and remittance must accompany the organization's Montana information tax return when filed with the Montana Department of Revenue. Complete Form PT-WHREM transmittal document and attach Form PT-WH with your payment.

Amount of withholding. The amount withheld is 11% of the nonresident individual's share of Montana source income reflected on the organization's income tax return. The total on line 1 entries from each Form PT-WH should equal the amount entered on the Montana Partnership Return of Income, Form PR1; or the Montana S. corporation Income Tax Return, Form CLT-4S.

Nonresident Individual. The nonresident taxpayer named on this Form PT-WH is required to file a Montana Individual Income Tax Return, Form 2, with the Montana Department of Revenue. The amount entered on line 2, Form PT-WH, will be allowed as a credit against the taxpayer's Montana income tax liability and should be claimed as Montana income tax withheld on Form 2. Attach a copy of Form PT-WH to your Form 2 in the space otherwise provided for attaching Federal Form W-2.