

Montana 2003 Package X - Part II

Contains Individual Income Tax

2X

Fid-3

2101

2441-M

AEPC

AFCR

CC

DCAC

DS-1

ECC

ENRG-B

ENRG-C



Amended Individual Income Tax Return

MONTANA
Form 2X
Rev. 8-03

Attach copy of original return If fiduciary return check box.

For calendar year _____ or other taxable year beginning _____, and ending _____

Last Name	First Name & Middle Initial	<input type="checkbox"/> Deceased	Social Security No.
Spouse's Last Name if different	Spouse's First Name & Middle Initial		Spouse's Social Security No.
Address		City	State Zip Code + 4

➔ Please explain the changes on the back of this form ➔

Filing Status Check One

<input type="checkbox"/> 1. Single	<input type="checkbox"/> 2. Married filing joint return	<input type="checkbox"/> 3. Married and both filing separate returns on this form	<input type="checkbox"/> 4. Married and both filing separate returns on separate forms	<input type="checkbox"/> 5. Married filing separate return and spouse is not filing	<input type="checkbox"/> 6. Head of Household
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This form must be filled out completely

Income and Deductions

	As Filed or Last Corrected	Net Change	As Amended
	COLUMN A for yourself, joint, separate or single	COLUMN B (spouse)	COLUMN A Increase or Decrease
1. Federal adjusted gross income			
2. Additions to income			
3. Reduction of income	()	()	()
4. Montana adjusted gross income (1+2-3)			
5. Deductions - itemized or standard			
6. Subtract line 5 from 4			
7. Enter exemption deduction			
8. Taxable income - subtract line 7 from line 6			

Tax Liability

	As Filed or Last Corrected	Net Change	As Amended
	COLUMN A for yourself, joint, separate or single	COLUMN B (spouse)	COLUMN A Increase or Decrease
9. Tax liability from tax table			
10. Tax on lump sum distribution			
11. Subtotal - add lines 9 and 10			
12. Allowable credits			
13. Subtotal - subtract line 12 from line 11			
14. Investment credit recapture from Form RIC			
15. Old Fund Liability Tax *See below			
16. Total tax - add lines 13, 14 and 15			
17. Contributions to other programs (list)			
18. Total of lines 16 and 17			
19. Combine amounts on line 18 columns A & B			
20. Montana tax withheld			
21. Payments and credits on estimated tax			
22. Elderly Homeowner/Renter Credit from Form 2EC			
23. Total of lines 20 through 22			
24. Combine amounts on line 23, columns A & B			
25. Amount paid with original return, plus additional tax paid after it was filed (tax only, do not include penalty and interest)			
26. Total of line 25 plus line 24 as amended			

Refund or Balance Due

27. Total refund(s) received for year amending			
28. Subtract line 27 from line 26 and enter result			
29. Refund to be received. If line 28 is more than line 19, enter the difference			Refund
30. Amount of line 29 to be credited to _____ estimated tax			
31. Tax Due. If line 28 is less than line 19, enter difference. Please pay in full			Tax Due
32. Interest computed on amount shown on line 31 (see instructions on back for interest rates)			
33. Balance Due, add line 31 and 32. Please pay in full			Balance Due

*OFLT no longer exists for years 1999 and beyond.

Name, Address, and Telephone Number of Preparer _____

I, the undersigned, declare under the penalties of false swearing, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief it is a true, correct, and complete return made in good faith.

Signature is required

Date (Daytime) Telephone Number

Signature of Spouse

Date
106

Last Name and Initial	Social Security Number	Year Amending
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When filing an amended tax return, it is required that you complete the explanation section of this form. You must also attach revised federal and state tax forms, schedules, and worksheets. If amending to change your filing status from joint to separate, attach a detailed breakdown showing the allocation of income and deductions between spouses. Omitting any of this information will delay the processing of your amended return.

For tax year 2001, the federal tax deduction must be reduced by the Federal Advanced Payment.

For tax year 2003, the federal tax deduction must be reduced by the Advance Child Credit.

Attach a copy of your original return.

Instructions for Form 2X

This form is to be used by all individuals who are changing an original Montana income tax return. When completing this return use the instructions which pertain to the year you are amending. Be sure to give a detailed explanation of the reason for the change and attach applicable schedules.

Interest Rates: For years prior to 2000, the interest rate is 9% (.09) per year or .75% (.0075) per month. For years 2000 and later, the interest rate is 12% (.12) per year or 1% (.01) per month.

Taxpayers must file a Montana amended return (Form 2X) within 90 days of receiving an Internal Revenue Service's notification of the corrections made to the federal return. The amended return must identify the federal adjustments and must recalculate Montana tax for the year adjusted.

Return Line Number	Column A Amount	Column B Amount	Explanation

Processing of amended returns takes longer than the processing of current year returns. Current year returns receive processing priority.

Make checks payable to the Department of Revenue
 For **Tax Due** Mail to: For **Refund** Mail to:
 Montana Department of Revenue Montana Department of Revenue
 PO Box 6308 PO Box 6577
 Helena, MT 59604-6308 Helena, MT 59604-6577
 Post dated checks will be returned



Fiduciary Income Tax Return — 2003

For the calendar year 2003

MONTANA
FID-3
Rev. 8-03

or Fiscal Year beginning _____, 2003 and ending _____, 2004

Name of estate or trust	Federal employer identification number
Name and title of fiduciary	Residency status: <i>Check One</i>
Address of fiduciary (Number and street)	<input type="checkbox"/> Resident Full year <input type="checkbox"/> Nonresident Full year
City, State, and Zip Code	Use Form 2X To Amend Check One: <input type="checkbox"/> Trust <input type="checkbox"/> Estate <input type="checkbox"/> Grantor

Part I—Income

Round to Nearest Dollar

1. Interest income	1.			
2. Dividends	2.			
3. Partnership income (or loss) Attach Federal Schedule E	3.			
4. Income from another estate or trust	4.			
5. Net rent and royalty income (or loss)	5.			
6. Net business and farm income (or loss)..Attach Federal Schedules C, CEZ or F	6.			
7. Capital gain (or loss) (same as federal)..Attach Federal Schedule D, Form 1041	7.			
8. Ordinary gain (or loss) Attach Federal Form 4797	8.			
9. Other income (state nature of income)	9.			
10. Federal total income. Add lines 1 thru 9 (per Federal Form 1041)	10.			
Additions to Income				
11. Interest on state, county municipal bonds (non-Montana)	11.			
12. Federal income tax refunds (if you deducted the taxes in earlier years)	12.			
13. Other additions (specify)	13.			
14. Total adjustments increasing income (add lines 11 thru 13)	14.			
15. Add lines 10 and 14, enter result	15.			
Reductions of Income				
16. Interest exclusion for U.S. savings bonds, etc.	16.			
17. Income from sources outside Montana (nonresidents only)	17.			
18. Exempt retirement income (specify)	18.			
19. State refund (if included in line 9 above)	19.			
20. Other reductions (specify)	20.			
21. Total adjustments decreasing income (add lines 16 thru 20)	21.			
22. Montana total income (subtract line 21 from line 15, enter result)	22.			

Part II — Deductions Nonresidents are allowed only those deductions attributable to the production of Montana income.

23. Interest	23.			
24. Taxes (federal, property, etc.)	24.			
25. Charitable contributions	25.			
26. Fiduciary fees and administrative expenses	26.			
27. Attorney, accountant and return preparer fees	27.			
28. Casualty or theft losses	28.			
29. Other deductions. Attach a separate sheet listing deductions	29.			
30. Total deductions (add lines 23 thru 29)	30.			
31. Total (subtract line 30 from 22)	31.			
32. Income distribution deduction (see page 2 of FID-3 instructions)	32.			
33. Net income before exemption (subtract line 32 from 31)	33.			
34. Exemptions — \$1,780. (nonresidents must pro-rate)	34.			
35. Taxable income of fiduciary (subtract line 34 from 33)	35.			



Form FID-3 Page 2 2003

Name of estate or trust

36.	Taxable income of fiduciary (from page 1)	36.		
37.	Tax from tax table below	37.		
38.	Tax on lump sum distributions	38.		
39.	Subtotal (add lines 37 and 38)	39.		
40.	Credits from Form 2A Schedule II Attach Form 2A, Schedule II	40.		
41.	Balance (subtract line 40 from 39)	41.		
42.	Investment credit recapture from Form RIC	42.		
43.	Total tax (total of lines 41 and 42)	43.		
44.	Payments on 2003 estimated tax	44.		
45.	Payment made with extension	45.		
46.	Montana tax withheld	46.		
47.	Total of lines 44, 45 and 46	47.		
Refund or Tax Due				
48.	If line 47 is larger than line 43 enter amount OVERPAID	48.		
49.	Amount of line 48 to be REFUNDED TO YOU	49.		
50.	Amount of line 48 to be credited to your 2004 estimated tax	50.		
51.	If line 43 is larger than line 47 enter TAX DUE	51.		
52.	Underpayment penalty	52.		
53.	Late filing penalty	53.		
54.	Late payment penalty	54.		
55.	Interest	55.		
56.	Total of lines 51 through 55	56.		

EXTENSION LAW - Check this box and attach copies of federal extensions(s) to receive a valid Montana extension. See Page 1 of FID-3 instructions for details.

Part III—Schedule of Distribution to Beneficiaries

List name of each beneficiary receiving a portion of distributions reported on line 32, Part II . (If more than 10 beneficiaries, attach separate schedule)

	Social Security Number	Montana Resident Yes or No	Share of Capital Gains	Share of Interest and Dividends	Share of Other Income
1.					
2.		•			
3.		•			
4.		•			
5.		•			
6.		•			
7.		•			
8.		•			
9.		•			
10.		•			

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

Signature of Fiduciary	Preparer other than Fiduciary Name, address and telephone number of preparer
Date	

TaxTable

If Taxable Income is:				If Taxable Income is:			
Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax
\$ 0	\$ 2,200	X ... 2 %	\$ 0	\$17,800	\$22,200	X ... 7 %	\$ 466
\$ 2,200	\$ 4,400	X ... 3 %	\$ 22	\$22,200	\$31,100	X ... 8 %	\$ 688
\$ 4,400	\$ 8,900	X ... 4 %	\$ 66	\$31,100	\$44,500	X ... 9 %	\$ 999
\$ 8,900	\$13,300	X ... 5 %	\$155	\$44,500	\$77,800	X ... 10 %	\$1,444
\$13,300	\$17,800	X ... 6 %	\$288	\$77,800		X ... 11 %	\$2,222

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$22 = \$50 tax

2003 Montana Fiduciary Income Tax Return Form FID-3

General Instructions

Who Must File

All estates and trusts except those held for educational, charitable, or religious purposes must file a fiduciary return. Either the fiduciary or the beneficiary may pay any tax due. However, the fiduciary must file the return. No distinction is made between living trusts and testamentary trusts. A copy of the federal fiduciary income tax Form 1041 must be attached. Estates and trusts are allowed one exemption deduction.

If the trustee of the estate or trust is domiciled or has nexus in Montana, all income is taxable to Montana. If the trustee is domiciled outside of Montana, then only the income that is derived from Montana sources is taxable to Montana.

When to File

You must mail your return for calendar year 2003 before midnight April 15, 2004. If you operate on a fiscal year, mail your return before midnight the 15th day of the fourth month following the close of your fiscal year.

Where to File

Send your completed and signed form to:

<u>Tax Due:</u>	or	<u>Refund/Zero Balance Due</u>
Montana Department of Revenue		Montana Department of Revenue
PO Box 6308		PO Box 6577
Helena, Montana 59604-6308		Helena, Montana 59604-6577

Make check payable to the Montana Department of Revenue.

If You File Late

The penalty is \$50 or the amount owing whichever is smaller, if you don't mail your return before midnight April 15, 2004 (or before midnight the 15th day of the fourth month following the close of your fiscal year.) If you are filing a return in which you receive a refund, the late file penalty is \$0.

If You Pay Late

The penalty is 1.5% a month or fraction of a month on the unpaid tax. The penalty may not exceed 18% of the tax due.

Interest on Unpaid Tax

The interest rate is 12% per year accrued at 1% per month or fraction of a month.

Extension of Time to File

The extension of time for filing a return is not an extension of time for the payment of taxes. Taxpayers will be granted an extension of time for filing their Montana income tax return if both of the following requirements are met:

1. On or before the due date of the return, the taxpayer has applied with the Internal Revenue Service for an extension of time for filing the taxpayer's federal fiduciary income tax return for the same year. 15-30-144(2)(a), MCA.

An additional extension of time for filing a return is automatically allowed provided that the taxpayer has applied with the Internal Revenue Service for an additional extension of time for filing the taxpayer's federal individual income tax return for the same tax year.

2. The taxpayer has paid by estimated tax payments, withholding tax, or a combination of estimated tax payments and withholding tax, 90% of the current year's tax liability or 100% of the previous year's tax liability. 15-30-144(2)(b), MCA. A valid federal extension will not be considered valid for Montana income tax purposes unless the taxpayer has met one of the payment requirements identified in item #2 prior to April 15th. Complete Montana EXT-Worksheet "Four -Month Extension Payment Calculation" to determine if you have met the payment requirements. A Montana Individual Income Tax Payment Coupon is included with EXT -Worksheet.

Note: Taxpayers must attach copies of their four month and two month federal extension forms to their **completed** Montana tax return. Additionally, the extension indicator box on the Montana tax form must be checked. **Do not send in copies of your federal extension prior to filing your return.**

Failure to comply with these requirements will result in the denial of your extension and in the assessment of penalties.

Amended Returns

If you discover an error in a return already filed, submit an amended return using Form 2X to correct the mistake.

Estimated Tax Underpayment Penalty

In 2003 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. If you did not meet this requirement, you may be subject to an underpayment penalty. For further instructions see Form EST-P.

Line-By-Line Instructions

Complete the name and address section. Include your federal identification number. Please check the box for: trust, estate or grantor; and resident full year/nonresident full year.

Part I—Income

Attach federal schedules

Report all income of estates or trusts no matter where it was derived during the taxable year. Total income before Montana adjustments should be the same as on the federal Form 1041.

Line 1—Enter total of all taxable interest.

Line 2—Enter dividends.

Line 3 and 4—Enter income or loss from partnerships and other estates or trusts EXCEPT for the following:

Enter dividends on line 2. Enter capital gain or loss from Schedule D, federal Form 1041 on line 7. Enter ordinary gain or loss from federal Form 4797 on line 8. (Enter partnership name and federal employer identification number(s) on an attached sheet.)

Line 5—Enter net rent and royalty income as reported on federal Form 1041. Attach schedule detailing income and expenses. Include fiduciary's share of depreciation and depletion.

Line 6—Enter net business and farm income or loss. Attach a copy of the federal Schedule C, CEZ or F.

Line 7—Enter capital gain or loss. Enter 100% of capital gain from federal Schedule D (Form 1041).

Line 8—Enter from federal Form 4797 the gain or loss from the sale or exchange of capital assets and from involuntary conversions.

Line 9—Enter other taxable income not reported elsewhere. Attach a separate sheet if necessary.

Line 10—Add lines 1 thru 9. The total should be the same as federal Form 1041.

Additions to Income

Line 11—Include interest income from non-Montana bonds and other obligations of another state or its political subdivisions if not already included on line 1. Interest on Montana bonds is not taxable.

Line 12—If you claimed federal income tax withheld or payment of estimated tax as an itemized deduction in a prior year, any refund of that tax is income in the year it is received.

Line 13—Specify other additions.

Line 14—Enter total of lines 11, 12 and 13.

Line 15—Enter total of lines 10 and 14.

Reductions of Income

Line 16—Enter interest income from bonds and other obligations of the United States included on line 1. U.S. obligations are exempt from taxation.

Line 17—Nonresidents only.
Enter total income derived from sources outside Montana.

Line 18—Exempt Pension & Annuity Income
You can exempt all benefits paid by the Railroad Retirement Board, if you reported them on line 9. If you received benefits paid by railroad companies or trusts refer to the pension & annuity worksheet below.

Pension & Annuity Worksheet

- Enter the federal total income from line 10. _____
- Phase-out limitation 30,000
- If line 1 is smaller than line 2, enter the smaller of the pension and annuity income or \$3,600 on line 18. **Stop Here.** _____
If line 1 is larger than line 2, subtract line 2 from line 1 & enter the result. _____
- Enter the pension and annuity income or \$3,600, whichever is smaller. _____
- Multiply the amount on line 3 times two (x2) and enter the result. _____
- Pension & Annuity Exclusion.** Subtract line 5 from line 4. If the result is zero or negative, there is no retirement exclusion. If the number is positive, this is the retirement exclusion. Transfer this number to line 18 on Form FID-3. _____

Line 19—State refund.
If you included any state income tax refund on line 9, deduct it here.

Line 20—Specify other reductions.

Line 21—Enter the total of lines 16 thru 20.

Line 22—Montana Total Income.
Subtract line 21 from line 15.

Part II—Deductions

Non-resident fiduciaries are allowed deductions that are attributable or directly related to the production of Montana income.

Line 23—Enter interest expenses deductible for federal tax purposes. Note: Personal interest is no longer deductible.

Line 24—Enter taxes paid or accrued within the taxable year, including (but not limited to) federal income tax. State income tax is not deductible.

Line 25—Enter charitable contributions deductible for federal tax purposes.

Line 26—You can deduct fiduciary fees and administrative expenses claimed for federal income tax purposes if the expenses were not claimed as a deduction in the determination of Montana inheritance tax.

Line 27—Enter attorney, accountant and return preparer fees if the expenses were not claimed as a deduction in the determination of Montana inheritance tax.

Line 28—Enter casualty or theft losses deductible for federal tax purposes.

Line 29—Attach a separate sheet listing authorized deductions not deductible elsewhere on the form. (Example: Net operating losses allowed for federal income tax section 642 (d) of the Internal Revenue Code.)

Line 30—Add Lines 23 thru 29. Enter result.

Line 31—Total Adjusted Income.
Subtract line 30 from line 22.

Line 32—Income Distribution Deduction.
Enter income to be distributed to the beneficiaries for the taxable year and/or other amounts paid, credited or to be distributed for the taxable year.

The Capital Gains exclusion has been repealed.

Line 33—Net Income Before Exemption.
Subtract line 32 from line 31.

Line 34—Each Fiduciary is allowed one exemption of \$1,780. (Nonresidents must prorate) Proration amount is line 22 divided by line 10 times \$1,780.

Line 35—Taxable Income of Fiduciary.
Subtract line 34 from line 33.

Line 36—Taxable Income from line 35, page 1.

Tax Computation

Line 37—Tax Liability. Residents and nonresidents enter the amount of tax from the tax table.

Line 38—Tax on lump-sum distributions (which haven't been included in adjusted gross income).

Enter 10% of the federal tax on lump-sum distributions. Attach a copy of federal Forms 4972 and/or 5544, and your 2003 Form 1041.

Line 39—Subtotal. Add lines 37 and 38.

Line 40—Credits from Form 2A. Enter your total credit amount from line 114, Form 2A, Schedule II. See page 4 of instructions for information on credits.

Line 41—Subtract line 40 from line 39. The total on line 41 cannot be less than zero.

Line 42—Investment Credit Recapture. Enter from Form RIC. (Note: Even though you may not have a tax liability on line 37 you must add line 42.)

Line 43—Total Tax. Add lines 41 and 42.

Line 44—Enter the amount of payments made on 2003 estimated Montana fiduciary income tax.

Line 45— Enter the amount of payment made with your 2003 extension.

Line 46—Enter the amount of Montana income tax withheld as shown on withholding tax statements.

Line 47—Total payments. Add lines 44, 45 and 46.

Refund or Balance Due.

Line 48—Amount Overpaid. If line 47 is larger than line 43, subtract line 43 from line 47. You can choose to have all or part of this amount refunded to you (line 49). The remainder, if any, can be applied to your estimated tax for 2004 (line 50). A refund or credit will be made only if the overpayment is \$1 or more.

Line 49—Refund. Enter the amount from line 48 that you want refunded.

Line 50—Applied to 2004 Estimated Tax. Subtract line 49 from line 48. This is the amount that will be applied to your estimated tax for 2004.

Line 51—Balance Due. If line 43 is larger than line 47, subtract line 47 from line 43. This is the amount you owe. If the balance due is less than \$1 payment is not required.

If a return is filed without full remittance of all tax, penalties and/or interest due, you are advised to make regular payments pending contact by the department's collection staff.

Part III—Schedule of Distribution to Beneficiaries

This must list the name, social security number(s), and the beneficiaries share of the capital gains and/or share of income. If there are more than 11 beneficiaries, attach a separate schedule.

Signature: The fiduciary or a representative must sign and date the return; identify any person, firm or corporation who prepares the return on the line "Signature of preparer other than fiduciary;" and include address with zip code.

Form 2A Schedule II Credits Credits Against Tax

(Please request forms for credits from Department of Revenue, at 1-406-444-6900.)

Line 97 - Rural Physician's Credit. If you are a physician who commences practice in an area without a 60 bed hospital located within a 30 mile radius, you may claim a credit against your individual income tax. The credit may be claimed for each of four consecutive years beginning with the year in which your practice starts. You must commence practice in the first year the credit is claimed and maintain the practice for at least 9 months of the taxable year to be eligible for the credit. The credit may not be used for any taxable year in which you cease to practice in an area described above. If you cease to practice in the rural area within 4 years following the taxable year in which the credit is allowed, you must repay to the state the amount of the credit claimed for that taxable year. Include with your return, a statement providing the following information:

- Date your practice began
- Location of your practice (street address and town)
- Nature (medical area of your practice)
- Nearest hospital.

The credit is \$5,000 a year and may be used only to offset your tax liability. Enter credit amount on Form 2A, Schedule II.

Line 98 - College Contribution Credit. You may take a credit for deductible contributions made during the tax year to the general endowment funds of the Montana university system foundations or to the general endowment funds of a private Montana college or its foundation. The credit is 10% of the contribution with a maximum of \$500 and is non-refundable. The college must offer a baccalaureate degree level education program. The contribution may also be claimed as an itemized deduction on Form 2A, subject to the normal limitations. Complete Form CC and attach it to your tax return.

Line 99 - Qualified Endowment Credit. You are allowed a credit for a percentage of the present value of a planned gift made during the tax year to a qualified Montana endowment or for your proportionate share of a charitable gift made by a pass-through entity. The credit may not exceed your tax liability, is non-refundable and may not be carried over. The value of the gift used in calculating the credit may not be claimed as an itemized contribution deduction. See Form QEC for detailed instructions, percentages and maximum credit amounts. Complete Form QEC and attach it to your tax return.

Line 100 - Elderly Care Credit. You may be eligible to receive a credit for paying certain expenses of an elderly family member who is 65 or older or has been determined disabled for Social Security purposes. See Form ECC for detailed instructions. Complete Form ECC and attach it to your tax return.

Line 101 - Credit Allowed for Income Tax Paid to Other States. (Full year or part-year resident only) If you are a full year resident or a part year resident you may be entitled to a credit against your Montana income tax liability for income taxes you paid to another state or country on income which is also taxable by Montana. If you are a part-year resident, the income tax credit is allowed only on that portion of income tax paid to another state or country on income that is taxable by Montana and reported on Form 2A, page 2 Schedule III, line 125. Complete Form 2A, page 3, Schedule V if you are a full year resident. Complete Form 2A, page 3, Schedule VI if you are a part-year resident.

If you are a shareholder of an S. corporation or a partner of a partnership and your S. corporation or partnership pays an income tax to another state or country you may claim a credit for your share of these income taxes paid by the entity. In order to claim this credit the income tax paid must be measured by and imposed on net income and includes an excise tax or franchise tax that is imposed on and measured by net income. The credit is not allowed for other taxes paid by an entity, such as, but not limited to, franchise or license taxes or fees not measured on net income, gross receipt tax or gross sales tax. If you are claiming this credit for taxes paid by an entity you must add back to income on Form 2, line 23, your share of the entity's deduction for income tax paid, whether separately or non-separately stated on your Federal K-1.

A separate computation must be made for each state or country, and your total credit cannot exceed your tax liability. The credit must be supported by a copy of your tax return(s) filed with the other state or country.

You are not entitled to this credit if the other state or country allows you a credit against the taxes imposed by the other state or country for taxes paid or payable to Montana. You are not allowed to use penalties and interest paid in connection with an income tax when calculating this credit. Enter your credit on Form 2A, page 2, Schedule II.

Line 102 - Contractor's Gross Receipts Tax Credit. You are allowed a credit against your Montana income tax liability for the public contractor's gross receipts tax you paid. If you report your income from contracts on a percentage-of-completion basis, the credit must be pro-rated accordingly. The allowable credit is the actual gross receipts tax paid after taking the personal property tax credit. The credit cannot be in excess of your tax liability. Attach a schedule to the return showing contractor's name, date and amount of contract, primary contractor, subcontractor and location of job.

Line 103 - Alternative Energy Systems Credit. You may claim a credit for a percentage of the cost of installing a geothermal or an alternative energy system. Examples of these systems are solar energy, wind energy, and low emission wood or biomass combustion devices. See Form ENRG-B for detailed instructions. Complete Form ENRG-B and attach it to your tax return.

Line 104 - Energy Conservation Installations Credit. You may claim a credit for a percentage of the cost of an investment for energy conservation purposes in a building. An eligible expense is "the installed cost of materials and equipment which reduce the waste or dissipation of energy or reduce the amount of energy required to accomplish a given amount of work."

The maximum credit is \$500 for investments in the physical attributes of a building or for investing in a water, heating or cooling system. See Form ENRG-C for detailed instructions. Complete Form ENRG-C and attach it to your tax return.

Line 105 - Alternative Energy Production Credit. You may claim a credit for a qualified investment of \$5,000 or more. The alternative energy system must be located in Montana. See Form AEPC for detailed instructions. Complete Form AEPC and attach it to your tax return.

Line 106 - Recycle Credit. You may claim a credit for investments in depreciable equipment or machinery used to collect, process or manufacture a product from reclaimed material. See Form RCYL for detailed instructions. Complete Form RCYL and attach it to your tax return.

Line 107 - Dependent Care Assistance Credit. If you are an employer you may claim a credit against personal income taxes for amounts paid or incurred during the taxable year for dependent care assistance provided to employees. This assistance may be in the form of:

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

See Form DCAC for detailed instructions. Complete Form DCAC and attach it to your tax return.

Line 108 - Disability Insurance for Uninsured Montanans Credit. The credit is available to employers who make disability insurance available to employees. See Form HI for detailed instructions. Complete Form HI and attach it to your tax return.

Line 109 - Credit for the Preservation of Historic Property. A credit equal to 25% of the federal rehabilitation credit provided for in IRC Section 47(a)(2) is allowed on qualifying historic buildings. Attach Federal Form 3468 to the return. As an alternative to the federal rehabilitation credit, you may take a credit equal to 20% of the cost of creating a conservation easement and for the diminishing value of historic property, including buildings and structures that result from placing a conservation easement on the property.

Line 110 - Developmental Disability Account Contribution Credit. An individual, corporation, partnership or small business corporation is allowed a credit equal to 30% of amounts donated during the year to the Montana Developmental Disability Service Account under 15-30-187, MCA. Each taxpayer may claim a maximum credit of \$10,000, not to exceed the tax liability. If you elect to apply your donation to this credit, you are not allowed to deduct the donation elsewhere on your return. There is no carryover provisions allowed and the credit must be applied in the year the donation is made.

Line 111- Empowerment Zone Credit. For tax periods beginning on or after October 1, 2003, a credit is allowed for each new employee at a business in an empowerment zone under 15-30-182, MCA. The taxpayer must be certified by the Montana Department of Labor and Industry to receive the credit.

The credit may be carried forward seven years and carried back three years. The entire amount of the tax credit not used in the year earned must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax year.

Line 112 - Other Credits. If you are claiming any of the following six credits, enter the aggregate amount of the credit(s) on the Other Credit line on Form 2A, Schedule II:

- Alternative Fuel Credit
- Montana Capital Company Credit
- Infrastructure Users Fee Credit
- Increasing Research Activities Credit
- Mineral Exploration Incentive Credit
- Affordable Housing Revolving Loan Account Credit

Contact the Department at (406) 444-6900 if you need assistance with applying for these credits on your fiduciary return.



W-2 Withholding Declaration

Please Print or Type

Name of taxpayer (Employee) _____

Social Security Number _____

Complete address _____

Name of employer _____

Business name _____

Complete address _____

Type of business _____

Federal Employer Identification Number (FEIN) _____

Tax year _____

Total wages paid \$ _____

Federal income tax withheld \$ _____

Montana income tax withheld \$ _____

I hereby declare under penalty of perjury that the above named employer,

Circle one: failed to furnish refused to furnish

me with copies of Federal Form W-2 showing the Montana income tax withheld from my wages. The amount stated above as Montana income tax withheld was calculated in the following manner (list and attach documents used to make your calculation):

Signature of taxpayer is required

Date

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

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).



Child and Dependent Care Expense Deduction

Year _____
15-30-121, MCA

Last Name	First Name and Middle Initial	Social Security No.
Spouse's Last Name if Different	Spouse's First Name and Middle Initial	Spouse's Social Security No.

- Number of qualifying persons cared for (see specific instructions below) 1. _____
 - Enter actual amount paid during year not to exceed limitations below 2. _____
Limitation: Not more than
 \$2,400 for one person
 \$3,600 for two persons
 \$4,800 for three or more persons
 - Add amounts in columns A & B from Montana adjusted gross income, Form 2, Page 2 3. _____
 A) If line 3 is less than \$18,000, **stop here.**
 Enter amount from line 2 above on the Child and Dependent Care, Form 2A, Schedule I.
 Married couples filing separate on same form enter one-half of line 2 in each column.
 OR
 B) If line 3 is over \$18,000 continue below
 - Base wage amount 4. **18,000**
 - Subtract line 4 from line 3 5 _____
 - Multiply line 5 by .50 6 _____
 - Subtract line 6 from line 2 (if zero or less, no deduction is allowed) 7. _____
- Enter amount from line 7 on the Child and dependent care expense line, Form 2A, Schedule I.
 Married couples filing separate on same form enter one-half of line 7 in each column.

General Instructions

Who May Claim This Deduction

You may be eligible to take this deduction if you maintain a household which includes, as a member, one or more qualifying individuals.

You will be treated as maintaining a household for any year only if you furnish over half the cost of maintaining the household for that year. If you are married for a year, you and your spouse must provide over half the maintenance cost for that year.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance and food consumed on the premises. Expenses do not include the cost of clothing, education, medical treatment, vacations, life insurance or transportation.

Special Rules

Married couples may take the deduction when filing separately on the same form. The deduction must be divided equally between the spouses. You may not claim the deduction if you are married filing separately on separate forms (filing status 4 or 5).

Gainful employment requirement:

If you are married for any period during the taxable year, take into account employment-related expenses incurred during any month of that year only if:

- both you and your spouse are gainfully employed on a substantially full-time or part-time basis, or actually seeking gainful employment, or
- your spouse is physically or mentally incapable of self-care.

Self-employment is considered gainful employment for the purpose of this deduction.

Child Care Deduction vs. Medical Expenses Deduction

If an expense qualifies as both employment-related and medical, you may treat it either way, as long as you do not deduct it twice.

If you treat the expense as medical, then the part of it that is not deductible because of the 7½% medical deduction limitation cannot be used as part of your employment-related expenses.

Specific Instructions

A qualifying person must be:

- a dependent under age 15 for whom an exemption may be claimed, or
- a dependent who, regardless of age, is unable to care for himself or herself because of a physical or mental illness, or
- a spouse who is unable to care for himself or herself because of a physical or mental illness.

Note: If you are a licensed and registered day-care provider who operates a family day-care home or a group day-care home and care for your own child and at least one unrelated child you may qualify for this deduction. The amount of expense claimed on line 2 above and considered to have been paid by you is equal to the amount you charge for the care of an unrelated child of the same age for the same number of hours of care. The expenses apply regardless of whether any expenses actually have been paid.

Questions? Please call the Department of Revenue at (406) 444-6900 or

TDD (406) 444-2830 (for hearing impaired only). ☎

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).



Alternative Energy Production Credit

Tax Year _____

Instructions on back

15-32-401 through 407, MCA

Name as shown on return _____

Federal ID Number _____ Social Security Number _____

- 1. Enter location of alternative energy producing assets
2. Enter amount of eligible alternative energy equipment investment
3. Enter amount of federal wind energy credit claimed
4. Montana taxable income
5. Enter either adjusted gross income attributable to eligible alternative energy equipment
6. Subtract line 5 from line 4
7. Enter total tax as shown on return
8. Calculate tax amount on line 6
9. Subtract line 8 from line 7
10. Enter 35% (.35) of line 2
11. Enter 60% (.60) of line 2
12. Enter amount of federal wind energy credit from line 3
13. Subtract line 12 from line 11
14. Allowable credit for this tax year

Income Allocation Schedule

Table with 3 columns: a. Total, b. Montana, c. Factor. Rows include Business property, Business payroll, Business sales, Sum of factors, One-third of line 18, and Allocated alternative energy production income.

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Instructions For Alternative Energy Production Credit

The purpose of the Alternative Energy Producers Act is to encourage the development of the alternative energy industry in Montana without adversely affecting tax revenues. The credit is allowed for individuals, partnerships, small business corporations and regular corporations.

In order to qualify the investment must be:

- \$5,000 or more,
- depreciable under I.R.C. section 38, and
- located in Montana.

The credit is 35% (.35) of eligible costs. The eligible costs are those that are 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 to be taken against taxes due as a consequence of taxable or net income produced by the following:

- Montana manufacturing plant that produces alternative energy generating equipment,
- new business facility or expanded portion of business facility which uses alternative energy as a basic energy source, or
- alternative energy generating equipment.

In the case of a business, a portion of which qualifies for this credit and a portion of which does not qualify, taxes due from each portion must be separated by using the three-factor formula provided in section 15-31-305, MCA.

Limitation on credit. If the taxpayer claims a federal credit under I.R.C. section 48 (1) the state credit must be reduced so that the sum of the credit, federal and state does not exceed 60% (.60) of the eligible costs. The limitation does not apply to a taxpayer who meets the criteria set forth under the following two scenarios:

Scenario 1

- (a) Invests in a commercial system located on state trust land;
- (b) Signs a lease agreement with the state to make annual lease payments to the permanent school trust fund; and
- (c) Offers contracts with a duration of at least 5 years to sell at least 33% of the net generating output at the cost of production plus a rate of return not to exceed 12%.

Scenario 2

- (a) Invests in a commercial system located within the exterior boundaries of a Montana Indian reservation and which is 5 megawatts or larger;
- (b) Signs an employment agreement with the tribal government of the reservation where the commercial system would be constructed regarding the training and employment of tribal members in the construction, operation, and maintenance of the commercial system; and
- (c) Offers contracts with a duration of at least 5 years to sell at least 33% of the net generating output at the cost of production plus a reasonable rate of return as designated by the Public Service Commission to customers for use within the State of Montana.

*Attach copies of the contracts referred to (b) and (c) of scenarios 1 and 2.

If a state credit is claimed under this act, no other state energy credit or state investment tax credit may be claimed for the investment. You also may not claim the property tax exemption for nonfossil energy property, allowed under 15-6-201(3) MCA, on property for which the alternative energy generation credit is claimed.

Carryovers of credits. The unused portion of the tax credit, which exceeds the tax liability generated by the asset, may be carried over up to seven years. Taxpayers that meet criteria (a) and (b) of scenario 2, above may carry over the unused portion of the tax credit up to fifteen years. The credit must first be claimed in the year the asset is placed in service.

The alternative energy system equipment must be placed in service after December 31, 2001 in order to be eligible.

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



Alternative Fuel Credit

15-30-164, MCA

Name _____ Social Security Number _____
FEIN _____

A credit is allowed to an individual, corporation, partnership, or small business corporation for equipment and labor costs incurred during the tax year to convert a motor vehicle licensed in Montana to operate on alternative fuel.

Alternative fuels are defined as natural gas, liquefied petroleum gas, liquefied natural gas, hydrogen, electricity or any other fuel if at least 85% (.85) of the fuel is methanol, ethanol or other alcohol, ether, or any combination of these.

This credit cannot exceed the taxpayer's income tax liability and it cannot be carried back or carried forward. Alternative fuel credits earned by partnerships and small business corporations must be allocated to the partners or shareholders using the same proportion used to allocate income or loss from the partnership or small business corporation.

Complete this form to calculate your credit. You must complete a separate form for each vehicle converted.

Year and make of vehicle _____

Date conversion completed _____

Gross vehicle weight _____

Alternative fuel type _____

1. Cost of conversion 1. _____

2. Enter 50% (.50) of line 1 2. _____

3. If gross vehicle weight is 10,000 pounds or less, enter \$500;
If gross vehicle weight is more than 10,000 pounds, enter \$1,000 3. _____

4. Enter the smaller of line 2 or line 3. This is your allowable credit for this vehicle 4. _____

5. Add the amounts on line 4 from each AFCR Form.
This is your allowable credit. Enter this amount on Form 2A, Schedule II for individuals
or Form CLT-4, Schedule C for corporations 5. _____

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

**Attach this form to your tax return. If you electronically file, keep this form
for your records (do not send to the Department of Revenue).**



College Contribution Credit

15-30-163, MCA

Use this form when filing individual income tax or corporation license tax

Individual or business name as it appears on individual income tax Form 2 or corporation license tax Form CLT-4

Social Security Number or Federal Employer Identification Number _____

General Instructions

Who may claim this credit

An individual, corporation, partnership or small business corporation who makes charitable contributions during the year to any of the general endowment funds of the Montana University System or its foundations or to a general endowment fund of a private Montana college or its foundation.

Deductible contributions may also be claimed as an itemized deduction for individuals or a charitable contribution for corporation purposes.

Contributions made by a small business corporation or partnership qualify for the credit. The credit is attributed to the shareholders or partners using the same proportion used to report income or loss for Montana tax purposes.

The specialized college license plate amount can not be used as part of this credit.

Definitions

“Foundation” means a nonprofit organization created exclusively for the benefit of any unit of the Montana University System, or a Montana private college and is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

“Montana private college” means a nonprofit private educational institution

- whose main campus and primary operations are within the state; and
- offers a baccalaureate degree level education and is accredited for that purpose by a national or regional accrediting agency recognized by the board of regents of higher education.

Special Instructions

The credit may not exceed either the individual's or corporation's tax liability or \$500, whichever is less. Unused credit may not be carried back or carried forward and must be applied in the year the contribution is made.

Contribution(s) made to _____

1. Total amount of donation(s) \$ _____
2. Allowable credit - 10% of line 1. (Credit not to exceed \$500.) \$ _____
3. Enter amount from line 2 above on Form 2A, Schedule II or on Form CLT-4, Schedule C.
4. If amount on line 1 includes a contribution made by a small business corporation or partnership and is passed through to an individual, list business name, ID number and total amount contributed on back of this form.

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired. ☎
**Attach this form to your tax return. If you electronically file, keep this form
for your records (do not send to the Department of Revenue).**



Dependent Care Assistance Credit

Instructions on back

Name _____ SSN or FEIN _____

You may be entitled to all three credits.

Day Care Facilities Credit

(15-30-130 and 15-31-133, MCA)

1. Enter number of dependents facility is designed to accommodate. 1. _____
2. Take \$2,500 times the amount on line 1. 2. _____
3. Enter cost of acquisition, construction, reconstruction, renovation or other improvements (see instructions for determining cost). 3. _____
4. Enter 15% (.15) of line 3. 4. _____
5. Enter the lesser of line 2, line 4 or \$50,000. 5. _____
6. Divide line 5 by ten (you are entitled to only 1/10th of the credit yearly). 6. _____
7. Enter carryforward amounts (excess annual credit over tax liability). 7. _____
8. Add line 6 and line 7. 8. _____

You must attach supporting documentation showing that the person operating the day care facility on the last day of your tax year is licensed or registered to operate the facility. Without this documentation the credit is denied.

Dependent Care Assistance Credit

(15-30-186 and 15-31-131, MCA)

9. Enter total amount of dependent care assistance you furnished your employees. 9. _____
10. Enter total number of employees who were furnished this service. 10. _____
11. Divide line 9 by line 10; enter that amount or \$6,300, whichever is smaller. 11. _____
12. Multiply line 11 by 25% (.25); enter that amount or \$1,575, whichever is smaller. 12. _____
13. Multiply the amount on line 12 by the amount on line 10. This is your Dependent Care Assistance Credit. 13. _____

Any excess Dependent Care Assistance Credit not used the first year may be carried forward for five years. It may not be carried back.

Dependent Care Information and Referral Service Credit

(15-30-186 and 15-31-131, MCA)

14. Amount paid or incurred during the year for providing information and referral services to employees. 14. _____
15. Multiply line 14 by 25% (.25). This is your Dependent Care Referral Service Credit. 15. _____

Combined Credits

16. Add line 8, line 13 and line 15; enter total on line 16. This is your combined Dependent Care Assistance Credit. 16. _____

For individual income tax, enter this amount on Form 2A, Schedule II. For corporation license tax, enter this amount on Form CLT4, Schedule C. Credit can not be larger than your tax liability.

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Instructions

Day Care Facilities Credit

(15-30-130 and 15-31-133, MCA)

This credit against taxes is allowed to employers based on the amounts paid or incurred to acquire, construct, reconstruct, renovate or improve real property to be used primarily as a day care facility. The amount of the credit is the amount calculated on lines 1 through 8 and any day care facility credit carryforward.

If this credit exceeds your tax liability, the excess amount may be carried forward to any succeeding years. The carryforward may not exceed 9 years.

If this credit is claimed by a small business corporation, or a partnership, the credit must be attributed to the shareholders or partners, using the same proportion to report the corporation's or partnership's income or loss for Montana income tax purposes.

To qualify for this credit, the following conditions must apply:

- The property must be in actual use in Montana as a day care facility on the last day of the tax year for which the credit or any carryforward amount of the credit is claimed.
- Day care services assisted by the employer must take place on the property on the last day of the tax year for which the credit or any carryforward amount is claimed.
- The person operating the day care facility must hold a current license or registration certificate under Title 52, chapter 2, part 7, on the last day of the tax year for which the credit is claimed.
- The day care facility shall accommodate six or more children.
- The day care facility must be in operational of before January 1, 2006.

Line 1. Number of dependents facility is designed to accommodate. Enter the number of dependents the facility was designed to accommodate at the end of the first tax year in which the credit is first claimed.

Line 3. Cost of acquisition, construction, reconstruction, renovation or other improvements. Enter the cost to acquire, construct, reconstruct, renovate or for other improvements to provide a day care facility. These costs may be to another person with whom the employer contracts with to make day care assistance payments or for the cost of providing and operating as an employer, or combination of employers, a day care facility. These costs must be excluded or partially excluded, under 26 U.S.C. 129, from the income of the employee for federal tax purposes.

Line 6. Line 5 divided by ten. An employer is allowed one-tenth of the total credit determined on line 5 in the first year the credit is claimed and one-tenth of the total credit each

succeeding year, not to exceed 9 years.

Dependent Care Assistance Credit

(15-30-186 and 15-31-131, MCA)

To be eligible for the credit, the dependent care assistance program must:

- be furnished by a registered or licensed day care provider; and,
- be in writing as specified in 89(k) of the Internal Revenue Code and meet the federal dependent care assistance requirements under 129(d) through (k) of the Internal Revenue Code.

This credit is not allowed if:

- services were not performed within Montana; or
- amount of dependent care assistance is paid pursuant to a salary reduction plan; or
- amount upon which the credit is based is included in the gross income of the employee or employees.

For individual income taxpayers, any deduction allowed for dependent care assistance on Schedule C, E or F must be reduced by the amount of dependent care assistance upon which the credit is based.

For a corporation, any deduction allowed for dependent care assistance which reduces your federal taxable income must be reduced by the amount of dependent care assistance upon which the credit is based.

The dependent care assistance provided by a small business corporation or partnership qualifies for the credit. The credit is attributed to the shareholders or partners using the same proportion used to report income or loss for Montana purposes.

Line 9. Enter total amount of dependent care assistance you furnished your employees as an employer. Enter the amount you paid or incurred during the year for providing dependent care assistance to your employees.

Dependent Care Information and Referral Service Credit

(15-30-186 and 15-31-133, MCA)

In addition to the Dependent Care Assistance Credit, an employer is allowed a credit against taxes for amounts paid or incurred during the year to provide information and referral services to assist their Montana employees in obtaining dependent care.

Line 14. Amount paid or incurred during the year for providing information and referral services to employees. Enter the cost you incurred during the year for providing dependent care information or referrals to your employees.



Disability Income Exclusion Calculation

15-30-111, MCA
Instructions on back

Excludable Disability Pay

Column A (For single, joint, separate or head of household)

Column B (For spouse only when filing separate)

- | | | | |
|----|--|-------|-------|
| 1. | <p><u>Enter the smaller of</u></p> <ul style="list-style-type: none"> ➤ amount received per week times number of weeks received <li style="text-align: center;">or ➤ \$100 times the number of weeks you received disability payments (maximum \$5,200) | _____ | _____ |
| 2. | <p>For payments received for a portion of a week, enter the smaller of the amount received or \$20 times the number of work days you received payments.</p> | _____ | _____ |
| 3. | <p>Add lines 1 and 2.</p> | _____ | _____ |
| 4. | <p>Add amounts on line 3, columns A and B.</p> | | _____ |

Limitation on Exclusion

- | | | | |
|----|--|-------|---------------|
| 5. | <p>Enter Montana adjusted gross income (without exclusion).</p> | _____ | _____ |
| 6. | <p>Add line 5, columns A and B.</p> | | _____ |
| 7. | <p>Amount to calculate exclusion.</p> | | <u>15,000</u> |
| 8. | <p>Subtract line 7 from line 6 (not less than zero)</p> | | _____ |
| 9. | <p>Subtract line 8 from line 4 (not less than zero)
This is your disability income exclusion.
Enter this amount on the other reductions line on Form 2 or Form 2S.</p> | | _____ |

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Disability Income Exclusion

- A taxpayer who is a resident of Montana qualifies for the disability income exclusion if he or she
 - is under age 65,
 - is retired on disability;
 - is permanently and totally disabled, and
 - has not chosen to treat his/her disability income as a pension or annuity.
- The adjusted gross income used in the computation of the exclusion is the taxpayer's Montana adjusted gross income.
- If the qualified taxpayer is married and filing separate returns, both the taxpayer's and the spouse's Montana adjusted gross incomes are to be combined to compute the exclusion.
- The department reserves the right to ask for proof of disability issued by a governmental unit (such as the Social Security Administration) certifying the taxpayer's permanent and total disability. If such certification is not available, the department may require other verification as necessary to prove disability.

Only income reported on a Form 1099R, distribution code 3, qualifies for the disability income exclusion.

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



Elderly Care Credit

15-30-128, MCA
Instructions on back

MONTANA
ECC
Rev. 8-03

Name as shown on Montana Form 2

Social Security Number

Name of elderly family member

Social Security Number

Address of elderly family member

City

State

Zip+4

Part I - Eligibility

If the answer to any of the questions below is no, you are not eligible for the credit. Do not complete this form.

	Yes	No
Is the elderly person related to you by blood or by marriage?		
Is the elderly person at least 65 years old <u>or</u> has been determined disabled for Social Security purposes?		
Does the elderly person have gross income of \$15,000 or less? In the case of married individuals, is their combined gross income \$30,000 or less? <u>See instructions</u>		
Is your Montana adjusted gross income from Form 2 less than \$55,000 if you are filing joint or single? If you are filing married separate, is your Montana adjusted gross income less than \$27,500?		

Part II - Computation of Allowable Credit

1. Enter amount of qualified elderly care expenses paid during the tax year. (see instructions on the back of this form) 1. _____
2. Enter your Montana adjusted gross income from Form 2. 2. _____
3. Enter the multiplier figure for your current filing status from table on reverse side. 3. _____
4. Multiply line 1 times line 3. Enter result. 4. _____
5. Reduction based on your income. Enter \$50,000 if single or married filing joint. Enter \$25,000 if married filing separate. 5. _____
6. Subtract line 5 from line 2. Enter result. If line 2 is less than line 5, enter zero. 6. _____
7. Subtract line 6 from line 4. Enter result. (If zero or less, you are not eligible for the credit) 7. _____
8. If single or filing joint, enter the smaller of \$5,000 or the amount on line 7. If you are married and filing separate, enter the smaller of \$2,500 or the amount on line 7. This is your allowable credit. Enter this figure on Form 2A, Schedule II . 8. _____

Individuals who are married filing separate must file a separate schedule for each spouse. No carryback or carryforward of the credit is allowed.

Check box if another family member is also claiming the credit. (Please provide names on an attached sheet)

Instructions for Elderly Expense Care Credit

You may be eligible to receive a credit for paying certain expenses of an elderly family member who is at least 65 years of age or a family member who has been determined disabled for Social Security purposes.

Please read the instructions and complete the form to see if you qualify for the credit.

Part I - Eligibility

Answer all questions. If the answer to any question is no, you are not eligible for the credit.

Note: Gross income includes all taxable and nontaxable income for the individual, and if married, the gross income of the spouse.

Part II - Computation

Line 1 - Qualified elderly care expenses include the following not compensated for by insurance.

- Homemaker services, adult day care and respite care services
- Health care equipment and supplies provided to a qualifying family member
- Care in a long-term health care facility that is licensed by the Montana Department of Public Health and Human Services
- Premiums paid for long-term care insurance coverage for a qualifying family member

Lines 2-8 - Complete per instructions.

Adjusted Gross Income (AGI) Multiplier Table

If your AGI on line 2 is at least		But not more than	Your multiplier for line 3 depends on your filing status	
			Joint & Single	Married-Separate
\$0	\$25,000		.30	.15
25,001	27,000		.29	.145
27,001	29,000		.28	.14
29,001	31,000		.27	.135
31,001	33,000		.26	.13
33,001	35,000		.25	.125
35,001	37,000		.24	.12
37,001	39,000		.23	.115
39,001	41,000		.22	.11
41,001	43,000		.21	.105
43,001	55,000		.20	.10

If you are filing joint or single and your Montana AGI is \$55,000 or more, you are not eligible for the credit. If you are married filing separate and your Montana AGI is \$27,500 or more, you are not eligible for the credit.

Multiple Family Contributors

The credit is limited to \$5,000 for a single qualifying family member, \$5,000 for a joint return and \$2,500 per person filing a married separate return.

The combined total credit of two or more family members cannot exceed \$10,000 per taxable year.

If your combined total exceeds \$10,000, the credit must be prorated among the contributing family members. Call the Department of Revenue for further information.

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





Alternative Energy Systems Credit

15-32-115 and 15-32-201, MCA

Instructions on back

Name _____ Social Security Number _____

Address of installation (if not the same as on Form 2) _____

Geothermal Energy System

15-32-115, MCA

(For a system installed prior to January 1, 2002, see instructions for credit limitations and carryover provisions)

Date installation was completed in your home _____

Description of installation (brand and model) _____

- 1. Cost of system including installation 1. _____
- 2. Amount of grants received 2. _____
- 3. Subtract line 2 from line 1 3. _____
- 4. Enter the smaller of line 3 or \$1,500
- Enter this amount on Form 2A, Schedule II (limited to your tax liability) 4. _____
- 5. Total credit claimed in prior years 5. _____

Excess credit may be carried forward seven years

Alternative Energy System

(Using a Recognized Nonfossil Form of Energy Generation)

15-32-201(1), MCA

Date installation was completed in your home _____

Description of installation (wind, solar energy, etc) _____

- 6. Cost of system including installation 6. _____
- 7. Amount of grants received 7. _____
- 8. Subtract line 7 from line 6 8. _____
- 9. Enter the smaller of line 8 or \$500
- Enter the amount on Form 2A, Schedule II (limited to your tax liability) 9. _____

Excess credit may be carried forward four years

Alternative Energy System

(Low Emission Wood or Biomass Combustion Device)

15-32-201(2), MCA

Date installation was completed in your home _____

Description of installation (type, brand and model) _____

- 10. Cost of system including installation 10. _____
- 11. Enter the smaller of line 10 or \$500
- Enter this amount on Form 2A, Schedule II (limited to your tax liability) 11. _____

Excess credit may be carried forward four years

If you are claiming more than one alternative energy systems credit, enter the total of lines 4, 9 and 11 on Form 2A, Schedule II (limited to your tax liability.)

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Alternative Energy Systems Credit – General Instructions

The credit(s) from Form ENRG-B is allowed only to Montana residents who complete installation of an alternative energy system in their principal dwelling. The credit(s) must be claimed against the taxpayer's liability for the year the energy system was acquired and placed in service. If the amount of the tax credit(s) exceeds your income tax liability for the year, the excess is carried over to the next succeeding tax year or years until the total credit(s) is absorbed.

Geothermal Energy System Credit

For installations prior to January 1, 2002, the carryover tax credit available is \$250 per year for four years from the date of installation. Line 4 cannot be greater than \$250. For installations after December 31, 2001, an individual may take a credit against their individual income tax liability not to exceed \$1,500. Any excess credit not claimed in the year of installation may be carried over seven succeeding tax years.

"Geothermal system" means a system that transfers energy either from the ground, by way of a closed loop, or from ground water, by way of an open loop, for the purpose of heating or cooling a residential building. A qualifying system shall transfer energy either from the ground, ground water or surface water. It should also have a heat pump utilizing a refrigerant cycle. If the system does not contain a heat pump, utilizing a refrigerant cycle, the "energy conservation purpose" of the system must be explained.

For the purpose of the Geothermal Energy System Credit installation cost include the cost of a) trenching, well drilling, casing and downhole heat exchangers; b) piping, control devices, and pumps that move heat from the earth to heat or cool the building; c) ground source or ground coupled heat pumps; d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from a well into a building; and e) design and labor.

Alternative Energy System Credit

The tax credit for installing an alternative energy system using a "recognized nonfossil form of energy generation" or a "low emission wood or biomass combustion device" is available in the year of installation and may be carried forward four succeeding tax years.

"Recognized nonfossil forms of energy generation" means a system that captures energy or converts energy sources into usable sources, including electricity, by using

- solar energy, including passive solar systems,
- wind,
- solid waste,
- decomposition of organic wastes,
- geothermal,
- fuel cells that do not require hydrocarbon fuel, or
- an "alternative energy system" which is a system or equipment used to convert energy sources into usable sources using fuel cells that do not require hydrocarbon fuel, geothermal systems, low emission wood or biomass, wind, photovoltaics, geothermal, small hydropower plants under one megawatt, and other recognized nonfossil forms of energy generation,
- a system that produces electric power from biomass or solid wood wastes, or
- a small system that uses water power by means of an impoundment that is not over 20 acres in surface area.

"Low emission wood or biomass combustion device" means a wood-burning appliance that is certified by the U.S. environmental protection agency pursuant to 40 CFR 60.533; or that uses wood pellets as its primary source of fuel.



Energy Conservation Installations Credit

15-32-109, MCA
Instructions on back

Name _____ Social Security Number _____

Address of installation (if not the same as on Form 2) _____

Was the installation made in the process of constructing a building? Yes No
If "yes" the cost of the capital investment is the cost expended for energy conservation purposes over and above the established standards for new construction.

Enter your installation cost below.

Insulation	\$ _____
Windows	\$ _____
Doors	\$ _____
Other (Specify)	
_____	\$ _____
_____	\$ _____
Total (transfer to Line 1)	\$ _____

Heating Systems	\$ _____
Domestic Hot Water	
Heating Systems	\$ _____
Cooling Systems	\$ _____
Total (transfer to line 4)	\$ _____

1. Amount invested in the physical attributes of a building 1. _____
 2. Enter 25% (.25) of line 1 2. _____
 3. Enter the amount of line 2 or \$500, whichever is smaller 3. _____

 4. Amount invested in a water, heating or cooling system 4. _____
 5. Enter 25% (.25) of line 4 5. _____
 6. Enter the amount of line 5 or \$500, whichever is smaller 6. _____

 7. Total of lines 3 and 6, but not more than \$500 7. _____
 8. Enter the smaller of Line 7 or your tax liability (Form 2, line 43) 8. _____
- Enter this amount on Form 2A, Schedule II.

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Energy Conservation Credit – General Instructions

A direct credit against your individual income tax liability is allowed for the cost of a capital investment installed in a building or for the installation of a water, heating, or cooling system for energy conservation purposes. An investment for energy conservation purposes means the installed cost of materials and equipment that reduce the waste or dissipation of energy or reduce the amount of energy required to accomplish a given amount of work. The term “building” includes single or multiple dwellings (including mobile homes) and buildings used for commercial, industrial or agricultural purposes, enclosed with walls and a roof. In the case of a building under construction, no deduction is allowable with respect to the cost of materials and equipment installed for energy conservation purposes if compliance with established standards of construction necessitates the installation. However, when energy conservation materials and equipment exceeding established standards of construction are installed, the additional cost qualifies for the credit.

The sum of the energy conservation credits may not exceed your tax liability for the tax year. Any excess credit amounts may be carryforward against future tax liabilities for seven (7) succeeding tax years. The entire amount of the credit not used in the year that it was earned must be carried first to the earliest tax year in which the credit can be applied and then to each succeeding tax year.

The Department of Revenue has determined that the following investments qualify for the credit.

- Insulation in the floors, walls, ceilings and roofs of existing buildings
- Insulation in the floors, walls, ceilings and roofs of new buildings to the extent it produces an insulating factor in excess of established standards of construction
- Insulation of pipes and ducts located in non-heated areas and of hot water heaters and tanks
- Installation of new water, heating or cooling systems so long as the replacement or installation of the new system reduces the waste or dissipation of energy or reduces the amount of energy required
- Special insulating siding with a certified insulating factor substantially in excess of that of normal siding
- Storm windows, storm doors (except with a wood entry door), and triple glazed windows (in existing buildings)
- Insulating exterior doors
- Caulking and weather stripping
- Devices that limit the flow of hot water from shower heads and lavatories
- Waste heat recovery devices
- Glass fireplace doors
- Exhaust fans used to reduce air conditioning requirements
- Replacement of incandescent light fixtures with light fixtures of a more efficient type
- Lighting controls with cut-off switches to permit selective use of lights
- Clock regulated thermostats

The above is not to be considered an exhaustive list of qualifying investments.

Purchases of appliances such as a refrigerator or stove do not qualify you for this credit.