

2005

Montana Elderly Homeowner/Renter Credit

Form 2EC

File on or before April 15, 2006, or with your Form 2 or 2S

Montana

Amended Return, Your first name and initial, Last name, Your social security number, If deceased, date of death, Spouse's first name and initial, Last name, Spouse's social security number, If deceased, date of death, Home address (number and street), City, State, Zip+4

Part I Qualifications: Yes No, I was age 62 or older as of December 31, 2005, I resided in Montana for 9 months or more during 2005, I occupied a Montana residence as an owner or renter for a total of 6 months or more during 2005, My gross household income was less than \$45,000 in 2005. To qualify for this credit you will answer "yes" to all four statements above. A "no" answer means you are not eligible for this credit.

Part II Household Income: 1 Enter here your total household income received from wages, fees bonuses, capital gains, dividends, interest, and other ordinary income. Do not include your losses in your total. 2 Enter here your total household income from a business, partnership, rent, royalties, etc. Do not include your losses in this total. 3 Enter here your total household income payments and interest on federal, state, county and municipal bonds. 4 Enter here any alimony, public assistance, unemployment, state and federal tax refunds, prior year 2EC refunds, and other income that your household received during the year. 5 Enter here your total household pension, annuities, IRA distributions, benefits from railroad retirement, public employee's retirement, veteran's disability and social security. 6 Add lines 1 through 5 and enter the result here. If the sum is greater than \$45,000, stop here, because you do not qualify for the elderly homeowner/renter credit. This is your gross household income. 7 Entered here for you is your standard exclusion. 8 Subtract line 7 from line 6 and enter result here, but not less than zero. This is your total household income.

Part III Credit Computation: 9 If you are a homeowner, enter the property tax that you were billed for 2005. This includes fees, special assessments, and SIDs on your residence and land not to exceed one acre. This is your property tax billed. 10 If you rent your residence, enter the rent that you paid in 2005 on this residence. 11 Multiply line 10 by .15 (15%) and enter the result here. This is your rent equivalent tax paid. 12 Add lines 9 and 11 and enter the result here. 13 Enter here your total household income reported on line 8. 14 Enter here your multiplier rate from the Household Income Reduction Table located on the reverse side of Form 2EC. 15 Multiply line 13 by line 14 and enter the result here. This is your net household income. 16 Subtract line 15 from line 12 and enter the result here. If the amount is zero or less, stop here. You cannot take the elderly homeowner/renter credit. 17 Enter here the lesser of line 16 or \$1,000. 18 If your gross household income reported on line 6 is less than \$35,000, skip line 18 and enter the amount from line 17 on line 19 below. If your gross household income reported on line 6 is \$35,000 or more, enter on line 18 the percentage multiplier listed below that corresponds to your gross household income reported on line 6.

Table with 4 columns: If the amount on line 6 is, then, Enter this percentage amount on line 18, If the amount on line 6 is, then, Enter this percentage amount on line 18. Rows: \$35,000 - \$37,500 (.40 (40%)), \$37,501 - \$40,000 (.30 (30%)), \$40,001 - \$42,500 (.20 (20%)), \$42,501 - \$44,999 (.10 (10%)), \$45,000 - and over (.00 (00%)).

19 Enter the amount from line 17, or where applicable, multiply line 17 by the percentage reported on line 18 and enter result here. This is your elderly homeowner/renter credit.

- If you are filing Montana Form 2, enter on Form 2A, Schedule V, line 27, the amount on line 19 above.
If you are filing Montana Form 2S, enter on Form 2S, line 21, the amount on line 19 above.
If you are not required to file Montana Form 2 or 2S, mail your Form 2EC separately to the Montana Department of Revenue, PO Box 6577, Helena, MT 59604-6577.

If you wish to use direct deposit, enter your RTN# and ACCT# below. RTN#, ACCT#, Checking Savings

Name, address and telephone number of paid preparer, Preparer SSN or FEIN

May the DOR discuss this return with your tax preparer? Yes No Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired

Your signature is required, Date, Daytime telephone number, Spouse's signature, Date

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

Elderly Homeowner/Renter Credit Instructions

What is the Montana elderly homeowner/renter credit and how can I determine if the credit is available to me?

- The Montana elderly homeowner/renter credit is a property tax relief program that provides you with a refundable credit if you are age 62 or older, have lived in Montana for at least 9 months during the year, occupied a Montana residence for at least 6 months during the year, and your gross household income is less than \$45,000.

How can I find out more about this credit?

- If you need additional information on this credit or other tax issues, you can contact us at our customer service center at (406) 444-6900 or TDD (406) 444-2830, or visit our website at www.mt.gov/revenue.

Since I am filing my income tax return electronically, do I have to submit a copy of my property tax bill or rent receipts?

- If you are claiming this credit on your electronically filed return, please do not send us your property tax bill or rent receipts. When you file electronically, you represent that you have completed Form 2EC and have all the required documentation.

Heading

Write your name, address, and social security number in the space provided. If you are married, enter your spouse's name and social security number. If either spouse is deceased during the claim year, enter the date of death in the appropriate box. If you are filing this credit with your Montana income tax return, Form 2 or 2A, enter the name, address and social security number as it appears on your Form 2 or 2A.

Part I Qualifications

You'll need to answer all four statements before you apply for your elderly homeowner/renter credit. If you answer "yes" to ALL these statements, you are eligible for this credit and you should continue to complete this form. Any "no" answer means that you are not eligible for the credit.

- Age 62 test** – If you are married and both spouses own or rent your residence, only one of you have to meet the age requirement.
- Nine month test** – If you are the personal representative of the estate of an eligible individual who died during the year, you cannot claim this credit if that individual died before October 1, 2005. You cannot claim this credit if you are married filing this return with your spouse and your spouse died before October 1, 2005 and was the only eligible individual. You can claim this credit only if, as a surviving spouse, you are age 62 or older and you can continue to answer yes to the remaining three questions.
- Six month test** – You can answer "yes" to this question as long as you have occupied one or more residences as an owner and/or renter during the year.
- Gross household income** – Your gross household income includes all income received by all individuals in the household.

Part II Household Income

Enter on lines 1 through 5 your total household income. Your total household income is all the income received, taxable and nontaxable, by all individuals who live in your household. It includes:

- Pension and annuity income. (This includes railroad retirement and veterans' disability benefits.)

- Capital gain income minus your return on the capital, along with any capital gains that you excluded from your adjusted gross income
- Alimony and support payments
- Nontaxable strike benefits
- Cash public assistance and relief
- Interest on federal, state, county, and municipal bonds
- All social security payments except those paid directly to a nursing home
- Federal income tax refunds to the extent the refund reduced your tax liability in a prior year
- State income tax refunds and elderly homeowner/renter credits taken.

Do not reduce your household income by any losses that you included in your federal adjusted gross income, or your basis that you may have in any of your household income.

Part III Credit Computation. You will need to attach a copy of your 2005 property tax bill and/or your signed rent receipts.

Line 9 – Property Tax Billed. Your property tax billed is your November, 2005 property tax statement of taxes assessed against your home and it includes your special assessments and fees. Do not use the amount of property taxes that you paid in 2005 or any taxes that you may have claimed in the past and in the current year as an itemized deduction.

You are allowed only the property tax billed on your primary residence and up to one-acre of land that is associated with this residence. If the one-acre farmstead or primary acre is not separately identified on your tax bill and if your ownership is less than 20 acres, you can calculate your credit by dividing the total amount of property tax billed on the land by the total acres in order to arrive at your property tax billed.

If your property tax bill is on property that you held in a revocable trust and if you are the grantor(s) and trustee(s) of that property, you can qualify for this credit. If your property taxes are billed to your living trust or life estate, you can qualify for this credit. Property tax that is billed to an irrevocable or family trust qualifies as rent only.

Line 10 – Rent Equivalent Paid. Your rent is only the amount of money that you paid to occupy your home. It does not include amenities such as meals, housekeeping, nursing care, etc.

If you live in a health care, long-term care, personal care or residential care facility, the rent allowed is the actual out of pocket rent that you paid. If the facility does not provide you with an adequate breakdown between your "rent" and "amenities", your rent is limited to \$20 a day and it cannot exceed \$7,300 a year.

If you want your credit to be deposited directly, you will need to enter your routing number and account number. If either the routing number or account number is incorrect, we cannot credit your account. If your direct deposit is returned to us, we will mail you a check.

Household Income Reduction Table					
If your household income on line 8 is:					
At least	But not more than	Your multiplier is:	At least	But not more than	Your multiplier is:
\$0	\$1,999	0	\$7,000	\$7,999	0.035
\$2,000	\$2,999	0.006	\$8,000	\$8,999	0.039
\$3,000	\$3,999	0.016	\$9,000	\$9,999	0.042
\$4,000	\$4,999	0.024	\$10,000	\$10,999	0.045
\$5,000	\$5,999	0.028	\$11,000	\$11,999	0.048
\$6,000	\$6,999	0.032	\$12,000	and over	0.050