

2006

Montana Income Tax Return for Estates and Trust

MONTANA Form FID-3

For the year Jan 1 - Dec 31, 2006 or the tax year beginning \_\_\_\_\_, 2006, ending \_\_\_\_\_, 20\_\_

Form header section containing checkboxes for Initial/Final/Amended Return, fields for Name of estate/trust, Federal Employer Identification Number, Name and title of fiduciary, Address, City or town, state and Zip code + 4, Residency status (Resident/Nonresident), and Type of entity (Decedent's Estate, Trust, ESBT, Grantor Trust, Other).

Enter amounts corresponding to your federal return. Round to nearest dollar. If no entry leave blank

Main table with 38 rows for income, additions, subtractions, and deductions/exemptions. Includes categories like Interest income, Dividends, Business income, Capital gain, etc. Line 36 shows an exemption of 1,980.

<b>Taxes and Credits</b>	39. Montana taxable income from page 1, line 38. ....	39.								
	40. Tax from the tax table on page 4. If line 39 is less than zero, enter zero. ....	40.								
	41. 1% capital gains tax credit. ....	41.								
	42. Subtract line 41 from 40 and enter result here, but not less than zero. <b>This is your resident tax after capital gains.</b> ....	42.								
	42a. Nonresident tax after capital gains credit. Enter here the amount from Form FID-3, Schedule II, line 17, but not less than zero. ....	42a.								
	43. Tax on lump sum distributions. See instructions. Attach federal Form 4972. ....	43.								
	44. Add lines 42 or 42a and 43 and enter the result here. <b>This is your total tax.</b> ....	44.								
	45. Nonrefundable single-year credits from Form FID-3, Schedule III, line 12. ....	45.								
	46. Nonrefundable carryover credits from Form FID-3, Schedule III, line 25. ....	46.								
	47. Add lines 45 and 46 and enter the result here but do not enter an amount larger than the amount on line 44. <b>This is your total nonrefundable credits.</b> ....	47.								
	48. Family education savings account recapture tax. ....	48.								
	49. Endowment credit recapture tax. ....	49.								
50. Rural physician's credit recapture tax. ....	50.									
51. Add lines 48 through 50 and enter the result here. <b>This is your total recapture tax.</b> ....	51.									
52. Add lines 44 and 51 and then subtract from this total the amount on line 47 and enter the result here. <b>This is your 2006 tax liability.</b> ....	52.									
<b>Payments and Refundable Credits</b>	53. Montana income tax withheld. Attach federal Form(s) W-2 and 1099. ....	53.								
	54. 2006 estimated tax payments and amount applied from your 2005 return. ....	54.								
	55. 2006 extension payments from Form EXT-06. ....	55.								
	56. Refundable credits from FID-3, Schedule III, line 29. ....	56.								
	57. Add lines 53 through 56 and enter the result here. <b>This is your total payments and refundable credits.</b> ....	57.								
<b>Penalties, Interest and Contributions</b>	58. Interest on underpayment of estimated taxes. (See instructions and worksheet on page 6.) ....	58.								
	59. Late file, late pay penalties and interest. (See instructions and worksheet on page 6.) ....	59.								
	60. Other penalties. (See instructions on page 6.) ....	60.								
	61. Enter in boxes 61a through 61d your Voluntary Check-off Contributions									
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%; text-align:center;">Nongame wildlife program</td> <td style="width:25%; text-align:center;">Child abuse prevention</td> <td style="width:25%; text-align:center;">Agriculture in schools</td> <td style="width:25%; text-align:center;">End-stage renal disease program</td> </tr> <tr> <td style="text-align:center;">61a)</td> <td style="text-align:center;">61b)</td> <td style="text-align:center;">61c)</td> <td style="text-align:center;">61d)</td> </tr> </table>	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program	61a)	61b)	61c)	61d)	
Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program							
61a)	61b)	61c)	61d)							
62. Add the amounts on line 52, 58, 59, 60 and 61 and enter the result here. <b>This is the sum of your total tax, penalties, interest and contributions.</b> ....	62.									
<b>Amount You Owe or Your Refund</b>	63. If line 62 is more than line 57, enter the difference here. <b>This is the amount you owe.</b> .... Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at <a href="http://mt.gov/revenue">http://mt.gov/revenue</a> to pay by credit card or E-check.	63.								
	64. If line 62 is less than line 57, enter the difference here. ....	64.								
	65. Enter the amount on line 64 that you want applied to your 2007 estimated tax. ....	65.								
	66. Subtract line 65 from line 64 and enter the amount here. <b>This is your refund.</b> .... If you wish to use direct deposit, enter your RTN# and ACCT# below.	66.								
RTN# <input type="text"/>	ACCT# <input type="text"/>		<input type="checkbox"/> Checking <input type="checkbox"/> Savings							

<input type="checkbox"/> If applicable, check appropriate box. <input type="checkbox"/> 2/3rd farming gross income <input type="checkbox"/> Annualized estimated payments <input type="checkbox"/> Do not mail 2007 forms and instructions	Name, address and telephone number of paid preparer.  SSN, FEIN or PTIN:	<input type="checkbox"/> Check this box and attach a copy of your federal Form 7004 to receive your Montana extension.
May the DOR discuss this return with your tax preparer? <input type="checkbox"/> Yes <input type="checkbox"/> No		Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

X Signature of fiduciary (or officer representing fiduciary)	Date	FEIN of fiduciary if a financial institution	Telephone number
I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.			

**Schedule I - Distribution to Beneficiaries**

List name and address of each beneficiary receiving a portion of distributions reported on line 35. If more than 10 beneficiaries, attach a separate schedule.

A	B	C	D		E	F	G
Name and Address of Beneficiary (Name Street Address City   State   Zip Code)	Social Security Number	Federal Employer Identification Number	Resident	Nonresident	Interest and Dividends Received by Beneficiary	Capital Gains Received by Beneficiary	Other Income Received by Beneficiary
1. _____			<input type="checkbox"/>	<input type="checkbox"/>			
2. _____			<input type="checkbox"/>	<input type="checkbox"/>			
3. _____			<input type="checkbox"/>	<input type="checkbox"/>			
4. _____			<input type="checkbox"/>	<input type="checkbox"/>			
5. _____			<input type="checkbox"/>	<input type="checkbox"/>			
6. _____			<input type="checkbox"/>	<input type="checkbox"/>			
7. _____			<input type="checkbox"/>	<input type="checkbox"/>			
8. _____			<input type="checkbox"/>	<input type="checkbox"/>			
9. _____			<input type="checkbox"/>	<input type="checkbox"/>			
10. _____			<input type="checkbox"/>	<input type="checkbox"/>			
Column Totals							

Use additional sheets if necessary or you may create your own schedule if you use the exact same format used here.

<b>Schedule II: Nonresident Estate and Trust Tax</b> (Include only the income that has not been distributed.)		Column A – Enter here the corresponding income from Form FID-3, page 1	Column B – Enter here Montana source income that is in total income reported in Column A
1.	Montana source interest income. ....	1.	1.
2.	Montana source ordinary dividends. ....	2.	2.
3.	Montana source business income or (loss.) ....	3.	3.
4.	Montana source capital gain or (loss.) ....	4.	4.
5.	Montana source rental real estate, royalties, partnerships, S. corporations, other estates and trusts, etc. ....	5.	5.
6.	Montana source farm income or (loss.) ....	6.	6.
7.	Montana source ordinary gain or (loss.) ....	7.	7.
8.	Montana source other income. ....	8.	8.
9.	Montana source interest and mutual fund dividends from other states' state, county or municipal funds. ....	9.	9.
10.	Montana source dividends not included in federal adjusted gross income. ....	10.	10.
11.	Montana source taxable federal refund. ....	11.	11.
12.	Montana source other recoveries of amounts deducted in earlier years that reduced Montana taxable income in those years. ....	12.	12.
13.	Montana source other additions. ....	13.	13.
14.	Add lines 1 through 13 and enter the result here. This is your Montana source income in column B. ....	14.	14.
15.	Divide the amount in Column B, line 14 above by the amount in Column A, line 14 above and enter result here. Carry to 4 decimal places and do not enter more than 1.0000. ....	15.	15.
16.	Enter your resident tax after capital gains credit reported on Form FID-3, line 42. ....	16.	16.
17.	Multiply the tax on line 16 by the percentage on line 15 and enter the result here and on Form FID-3, page 2, line 42a. <b>This is your nonresident tax after capital gains credit.</b> ....	17.	17.

**How do I determine what is my Montana source income when I am a nonresident trust or estate?**

In general, as a nonresident estate or trust your Montana source income is all the income that you receive for work performed in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana. Please refer to page 7 of the instruction booklet.

<b>Amended Return Reconciliation</b> (Use this reconciliation only when you are completing an amended return.)		Round to the nearest dollar
Check this box if you are filing this amended return to carry back a net operating loss. <input type="checkbox"/>		
1.	Enter the amount from line 62 of the amended return here. ....	1.
2.	Enter your total 2006 refund(s) previously received here. ....	2.
3.	Add any previous payments not in line 57 to the amount on line 57 and enter the result here. ....	3.
4.	Add lines 1 and 2, and then subtract line 3. <b>This is your amended return underpayment or overpayment.</b> ....	4.
Describe your amended adjustments here. Attach additional pages if necessary.		

**2006 Montana Fiduciary Income Tax Table**

If your Taxable Income is Over	but not Over	Multiply your Taxable Income by	and Subtract	equals your Tax	If your Taxable Income is Over	but not Over	Multiply your Taxable Income by	and Subtract	equals your Tax
\$ 0	\$ 2,400	0.010	\$ 0		\$ 8,800	\$ 11,300	0.050	\$ 220	
\$ 2,400	\$ 4,300	0.020	\$ 24		\$ 11,300	\$ 14,500	0.060	\$ 333	
\$ 4,300	\$ 6,500	0.030	\$ 67		\$ 14,500	or more	0.069	\$ 464	
\$ 6,500	\$ 8,800	0.040	\$ 132						

For example: Taxable income \$4,500 X .03(3%) = \$135.

\$135 minus \$67 = \$68 tax

<b>Schedule III: Montana Tax Credits</b>	Enter the amount of your credit in this column
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**Nonrefundable credits that are single-year credits and HAVE NO carryover provision.**

1. Enter credit from an income tax liability paid to another state or country from Form FID-3, Schedule IV. Attach Form FID-3, Schedule IV. ....	1.	
2. College contribution credit. Attach Form CC. ....	2.	
3. Qualified endowment credit. Attach Form QEC. ....	3.	
4. Energy conservation installation credit. Attach Form ENRG-C. ....	4.	
5. Alternative fuel credit. Attach Form AFCR. ....	5.	
6. Health insurance for uninsured Montanans credit. Attach Form HI. ....	6.	
7. Elderly care credit. Attach Form ECC. ....	7.	
8. Developmental disability account contribution credit. ....	8.	
9. Recycle credit. Attach Form RCYL. ....	9.	
10. Oilseed crushing and biodiesel production facility credit. Attach Form OSC. ....	10.	
11. Biodiesel blending and storage tax credit. Attach Form BBSC. ....	11.	
12. Add lines 1 through 11 and enter result here and on Form FID-3, line 45. <b>This is your total nonrefundable single-year credits.</b> .....	12.	

**Nonrefundable credits that HAVE a carryover provision.**

13. Contractor's gross receipts tax credit. ....	13.	
14. Geothermal systems credit. Attach Form ENRG-A. ....	14.	
15. Alternative energy systems credit. Attach Form ENRG-B. ....	15.	
16. Alternative energy production credit. Attach Form AEPC. ....	16.	
17. Dependent care assistance credit. Attach Form DCAC. ....	17.	
18. Historic property preservation credit. Attach federal Form 3468. ....	18.	
19. Montana capital company credit. ....	19.	
20. Infrastructure user's fee credit. ....	20.	
21. Empowerment zone credit. ....	21.	
22. Increasing research activities credit. Attach Form RSCH. ....	22.	
23. Mineral exploration incentive credit. Attach Form MINE-CRED. ....	23.	
24. Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election. ....	24.	
25. Add lines 13 through 24 and enter result here and on Form FID-3, line 46. <b>This is your total nonrefundable carryover credits.</b> .....	25.	

**Refundable credits.**

26. Film employment production credit. Attach Form FPC. ....	26.	
27. Film qualified expenditure credit. Attach Form FPC. ....	27.	
28. Insure Montana small business health insurance credit. Business FEIN: _____	28.	
29. Add lines 26 through 28 and enter result here and on Form FID-3, line 56. <b>This is your total refundable credits.</b> .....	29.	

**MONTANA TAX CREDITS**

There are three categories of credits available to your estate or trust and we have listed the 26 Montana tax credits under these three categories. With the exception to the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form FID-3, line 41) you are not required to apply any of the 25 other tax credits against your income tax liability in any particular order.

**Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident or non-resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that

exceeded your 2006 income tax liability are lost and are unable to be used in future years.

**Nonrefundable carryover credit.** Your nonrefundable carryover credits can be used to offset your 2006 resident or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credits that were not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.

**Refundable credits.** Your refundable credits are applied against your income tax liability with any unused credit refunded to you.

**Schedule IV: Credit for an Income Tax Liability Paid to Another State or Country. Full-year resident only.**

1. Enter your income taxable to another state or country that is included in Montana income on Form FID-3, line 24. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S. corporation or partnership. ....	1.	
2. Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. ....	2.	
3. Enter your total Montana income from Form FID-3, line 24. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S. corporation or partnership. ....	3.	
4. Enter your total income tax liability paid to the other state or country. ....	4.	
5. Enter your Montana tax liability from Form FID-3, line 42. ....	5.	
6. Divide line 1 by line 2. Enter the percentage here, but not greater than 100%. ....	6.	
7. Multiply line 4 by line 6 and enter the result here. ....	7.	
8. Divide line 1 by line 3. Enter the percentage here, but not greater than 100%. ....	8.	
9. Multiply line 5 by line 8 and enter the result here. ....	9.	
10. Enter here and on Form FID-3, Schedule III, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. <b>This is your credit for an income tax paid to another state or country.</b> ....	10.	

**Schedule V: Reporting of Special Transactions**

File Schedule V with your Montana Form FID-3

Complete Schedule V only if your estate or trust filed for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) you filed with your federal income tax return. If your answer is "yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1041.

Check "yes" if you filed any of the following forms with the Internal Revenue Service.

1. My estate or trust filed federal <b>Form 8264 – Application for Registration of a Tax Shelter</b> with the Internal Revenue Service. .... Form 8264 is required to be filed to register a tax shelter. ....	1.	<input type="checkbox"/> YES
2. My estate or trust filed federal <b>Form 8271 – Investor Reporting of Tax Shelter Registration Number</b> with the Internal Revenue Service. .... Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter. ....	2.	<input type="checkbox"/> YES
3. My estate or trust filed federal <b>Form 8824 – Like-Kind Exchanges</b> with the Internal Revenue Service. .... NOTE: Check "yes" if your like-kind exchange includes Montana property. Non-residents do not have to report a like-kind exchange if the properties involved do not include Montana property. Form 8824 is used to report each exchange of business or investment property for property of a like kind. ....	3.	<input type="checkbox"/> YES
4. My estate or trust filed federal <b>Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships</b> with the Internal Revenue Service. .... Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest). ....	4.	<input type="checkbox"/> YES
5. My estate or trust filed federal <b>Form 8886 – Reportable Transaction Disclosure Statement</b> with the Internal Revenue Service. .... Form 8886 is used to disclose information for each reportable transaction in which you participated. ....	5.	<input type="checkbox"/> YES
6. My estate or trust filed federal <b>Form 13656 – Notice of Election by Executive and Related Person to Participate in Announcement 2005-19 Settlement Initiative</b> with the Internal Revenue Service. .... Form 13656 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005. ....	6.	<input type="checkbox"/> YES
7. My estate or trust filed federal <b>Form 13750 – Election to Participate in Announcement 2005-80 Settlement Initiative</b> with the Internal Revenue Service. .... Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005. ....	7.	<input type="checkbox"/> YES