

Worksheet III - Qualified Capital Gain Exclusion

If you had an installment sale(s) of a capital asset(s) that you entered into before January 1, 1987, you may be eligible for a 40% capital gain exclusion. Complete Worksheet III to determine the amount of your capital gain exclusion.

	Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Enter the total amounts from your federal Schedule D line 11 and 12 that pertain to installment sales entered into before January 1, 1987	1.	1.
2. Enter the total amounts from federal Schedule D lines 7 and 15.....	2.	2.
3. Divide line 1 by line 2 and enter the percentage here.....	3.	3.
4. Enter the amount from federal Schedule D, line 16, but not less than zero	4.	4.
5. Multiply the amount on line 4 by the percentage (%) on line 3. _____ x _____ %.....	5.	5.
6. Multiply the amount on line 5 times .40 (40%). Enter here and on Form 2, Schedule II, line 27. This is your Montana capital gain exclusion	6.	6.

Worksheet IV – Partial Pension and Annuity Income Exemption

If you have reported taxable pension and annuity income on your Form 2, line 16b, or Form 2M, line 11a, or certain IRA distributions on Form 2, line 15b or Form 2M, line 10b, you may be entitled to a partial exemption of this income. Complete Worksheet IV to determine the amount of your pension and annuity income exemption. If you are filing Montana Form 2M, complete column A only.

Early distributions from an IRA do not qualify for the exemption. Subtract any non-qualifying distribution(s) from Form 2, line 15b or Form 2M, line 10b before reporting amounts on this worksheet.

If you receive Tier II Railroad Retirement benefits, see the instructions for Form 2, Schedule II, line 23 on page 33 or the instructions for Form 2M, line 33 on page 11.

	Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1. Enter your federal adjusted gross income from Form 2, line 37, or from Form 2M, line 20 here.....	1.	1.
2. Federal adjusted gross income limitation amount..... If line 1 is smaller than line 2, enter on Form 2, Schedule II, line 11, or Form 2M, line 28, the smaller of your pension and annuity income, or \$3,600 for each person who has pension and annuity income. Stop here; do not complete the remainder of this worksheet.	2. \$30,000	2. \$30,000
3. If line 1 is larger than line 2, subtract line 2 from line 1 and enter the result here.....	3.	3.
4. Fill out only one of the following. If your filing status is:		
a. Single or jointly and only one spouse has pension and annuity income. Enter the smaller of that spouse's taxable pension and annuity income or \$3,600.....	4a.	
b. Married filing separately. Enter the smaller of each spouse's taxable pension and annuity income or \$3,600 in columns A and B.....	4b.	4b.
c. Joint and both spouses have pension and annuity income. Enter the smaller of each spouse's taxable pension and annuity income or \$3,600 in the following space: his _____ hers _____; then enter the total of his and her total pension and annuity income in Column A, line 4c.....	4c.	
5. Double the amount on line 3 and enter the result here.....	5.	5.
6. Pension and annuity exclusion. Subtract line 5 from line 4a, 4b, or 4c, whichever applies. If the result is zero or negative, you are not eligible for the pension and annuity exclusion. If the number is positive, enter the result here and on Form 2, Schedule II, line 11, or Form 2M, line 28. This is your partial pension and annuity exemption	6.	6.