

2007

Montana Individual Income Tax Return

MONTANA

Calendar year income tax return for a Montana resident filing as single, jointly, or head of household.

Form 2M

Amended Return checkbox, Your first name and initial, Last name, Deceased checkbox, Your social security number, Spouse's first name and initial, Last name, Deceased checkbox, Spouse's social security number, Mailing address, City, State, Zip+4



Filing Status (check only one box) 1. Single 2. Married filing jointly 3. Head of Household

4. Resident full year (Only to be used by full-year Montana residents. Nonresidents and part-year residents must use Form 2.)

Exemptions section: 5a. Yourself, 5b. Spouse, 5c. Total dependents table (Dependent's first name, Last name, SSN, Relationship, Disabled), 5d. Add lines 5a thru 5c and enter total exemptions here

Federal Adjusted Gross Income section: Enter amounts corresponding to your federal tax return. Round to nearest dollar. If no entry, leave blank. 6. Wages, salaries, tips, etc. 7a. Taxable interest. 7b. Tax-exempt interest. 8a. Ordinary dividends. 8b. Qualified dividends. 9. Capital gain or (loss). 10a. IRA distributions. 10b. Taxable amount. 11a. Pensions and annuities. 11b. Taxable amount. 12. Unemployment compensation. 13a. Social security benefits. 13b. Taxable amount. 14. Taxable refunds, credits or offsets of state and local income and property taxes. 15. Add lines 6 through 14 (far right column.) This is your total income. 16. Educator expenses. 17. IRA deduction. 18. Student loan interest deduction. 19. Tuition and fees deduction. 20. Add lines 16 through 19 and enter the result here. This is your total adjustments to income. 21. Subtract line 20 from line 15 and enter the result here. This is your federal adjusted gross income.

Montana Adjusted Gross Income section: 22. Interest and municipal fund dividends state, county, or municipal bonds from other states. 23. Taxable federal refund. 24. Taxable Montana homeowner property tax refund. 25. Addition to federal taxable social security/railroad retirement. 26. Medical care savings account nonqualified withdrawal. 27. Add lines 22 through 26 and enter the result here. This is your Montana additions to federal adjusted gross income. 28. Exempt interest and dividends from federal bonds, notes, and obligations. 29. Exempt unemployment compensation. 30. Partial pension and annuity income exemption. 31. Partial interest exemption for taxpayers 65 and older. 32. Exemption for certain taxed tips and gratuities. 33. Exempt medical care savings account deposits and earnings. 34. Subtraction to federal taxable social security/Tier I Railroad Retirement. 35. Subtraction for federal taxable Tier II Railroad Retirement. 36. Federally taxable refunds, credits or offsets of state income taxes. 37. Add lines 28 through 36 and enter the result here. This is your Montana subtractions from federal adjusted gross income. 38. Add lines 21 and 27, then subtract line 37. This is your Montana adjusted gross income.

<b>Taxable Income</b>	39. Montana adjusted gross income from line 38.....39. <input style="width:100px;" type="text"/>				
	<b>Deductions</b> (Check only one box)				
	40. (A) Standard Deduction (see Worksheet V on page 18): (A) <input type="checkbox"/>		40. (B) Itemized Deductions (from Form 2M, Schedule I, line 31): (B) <input type="checkbox"/> .....40. <input style="width:100px;" type="text"/>		
	41. Subtract line 40 from line 39 and enter amount here .....41. <input style="width:100px;" type="text"/>				
<b>Tax</b>	<b>Exemptions</b> (All individuals are entitled to at least one exemption.)				
	42. Multiply \$2,040 by the number of exemptions on line 5d and enter result here .....42. <input style="width:100px;" type="text"/>				
	43. Subtract line 42 from line 41 and enter the result here. If zero or less, enter zero. <b>This is your taxable income</b> .....43. <input style="width:100px;" type="text"/>				
<b>Credits</b>	44. Tax from the tax table on page 4 of this form. If line 43 is zero, enter zero .....44. <input style="width:100px;" type="text"/>				
	45. 2% capital gains tax credit.....45. <input style="width:100px;" type="text"/>				
	46. Subtract line 45 from 44 and enter the result here. If zero or less, enter zero. <b>This is your resident tax after capital gains tax credit</b> .....46. <input style="width:100px;" type="text"/>				
<b>Payments and Offsets</b>	47. Nonrefundable single-year credits from Form 2M, Schedule II, line 5.....47. <input style="width:100px;" type="text"/>				
	48. Nonrefundable carryover credits from Form 2M, Schedule II, line 8 .....48. <input style="width:100px;" type="text"/>				
	49. Add lines 47 and 48 and enter the result here. <b>This is your total nonrefundable credits</b> .....49. <input style="width:100px;" type="text"/>				
	50. Subtract line 49 from line 46 and enter the result here. If zero or less, enter zero. <b>This is your total tax after nonrefundable credits</b> .....50. <input style="width:100px;" type="text"/>				
<b>Penalty, Interest, Contributions</b>	51. Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....51. <input style="width:100px;" type="text"/>				
	52. 2007 estimated tax payments and amounts applied from your 2006 return .....52. <input style="width:100px;" type="text"/>				
	53. 2007 extension payment from Form EXT-07 .....53. <input style="width:100px;" type="text"/>				
	54. Refundable credits from Form 2M, Schedule II, line 11.....54. <input style="width:100px;" type="text"/>				
	55. Add lines 51 through 54 and enter the result here. <b>This is your total payments/offsets</b> .....55. <input style="width:100px;" type="text"/>				
	56. Subtract line 55 from line 50. <b>This is your net tax due or &lt;overpayment&gt;</b> .....56. <input style="width:100px;" type="text"/>				
<b>Amount You Owe or Your Refund</b>	57. Interest on underpayment of estimated taxes. (See instructions on page 10.) .....57. <input style="width:100px;" type="text"/>				
	58. Late file, late payment penalties and interest. (See instructions on page 10.) .....58. <input style="width:100px;" type="text"/>				
	59. Medical Care Savings Account 10% penalty .....59. <input style="width:100px;" type="text"/>				
	60. Enter in boxes 60a through 60d your voluntary check-off contributions.				
	Nongame wildlife program	Child abuse prevention	Agriculture in schools	End-stage renal disease program	Sum of 60a through 60d.....60. <input style="width:100px;" type="text"/>
	60a.	60b.	60c.	60d.	
	61. Add lines 57 through 60 and enter the result here. <b>This is your total penalties, interest and contributions</b> .....61. <input style="width:100px;" type="text"/>				
62. If the amount on line 56 is a net tax due, add lines 56 and 61 and enter the result here. <b>This is the amount you owe</b> .....62. <input style="width:100px;" type="text"/> Visit our website at <a href="http://mt.gov/revenue">mt.gov/revenue</a> to pay by credit card or E-check or make a check payable to MONTANA DEPARTMENT OF REVENUE.					
63. If the amount on line 56 is an overpayment of tax, reduce the overpayment by the amount (if any) reported on line 61 and enter the result here as a positive number.....63. <input style="width:100px;" type="text"/>					
64. Enter the amount of line 63 you want applied to your 2008 estimated taxes .....64. <input style="width:100px;" type="text"/>					
65. Subtract line 64 from line 63 and enter the result here. <b>This is your refund</b> .....65. <input style="width:100px;" type="text"/>					
If you wish to use direct deposit, enter your RTN# and ACCT# below. See instructions. <input type="checkbox"/> Checking <input type="checkbox"/> Savings					
RTN# <input style="width:100px;" type="text"/>		ACCT# <input style="width:100px;" type="text"/>			

If applicable, check appropriate box. <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 4868 to receive your Montana extension.
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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.

<b>X</b>		<b>X</b>	
Your signature is required	Date	Daytime telephone number	Spouse's signature

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

**Schedule I - Montana Form 2M Itemized Deductions**

Enter your itemized deductions on the corresponding line.  
This schedule should be filed with your Montana Form 2M.

<b>Medical and Dental Expenses</b>	1. Medical and dental expenses .....1.	
	2. Enter amount from Form 2M, line 39.....2.	
	3. Multiply line 2 by 0.075 (7.5%) .....3.	
	4. Subtract line 3 from line 1 and enter result here but not less than zero. <b>This is your deductible medical and dental expense subject to 7.5% of Montana AGI.</b> .....4.	
	5. Medical insurance premiums not deducted elsewhere on your tax return .....5.	
	6. Long term care insurance premiums not deducted elsewhere on your tax return .....6.	
<b>Taxes You Paid</b>	Complete lines 7a through 7d reporting your total federal income tax paid in 2007 before completing line 7e.	
	7a. Federal income tax withheld in 2007 .....7a.	
	7b. Federal estimated tax payments paid in 2007.....7b.	
	7c. 2006 federal income taxes paid in 2007.....7c.	
	7d. Other back year federal income taxes paid in 2007 .....7d.	
	7e. Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, or head of household, or \$10,000 if filing a joint return with your spouse. <b>This is your federal income tax deduction.</b> ....7e.	
	8. Real estate taxes paid in 2007. ....8.	
	9. Personal property taxes paid in 2007.....9.	
	10. Other deductible taxes. List type and amount: _____ 10.	
	<b>Interest You Paid</b>	11. Home mortgage interest and points reported to you on federal Form 1098..... 11.
12. Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address: _____ 12.		
13. Points not reported to you on federal Form 1098 ..... 13.		
14. Qualified mortgage insurance premiums..... 14.		
15. Investment interest. Attach federal Form 4952..... 15.		
<b>Gifts</b>	16. Contributions made by cash or check during 2007 ..... 16.	
	17. Contributions made other than by cash or check ..... 17.	
	18. Contribution carryover from the prior year..... 18.	
	19. Child and dependent care expenses. Attach Montana Form 2441M ..... 19.	
	20. Casualty and theft loss(es). Attach federal Form 4684..... 20.	
<b>Job Expenses and Certain Miscellaneous Deductions</b>	21. Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ .21.	
	22. Other expenses. List type and amount: _____ 22.	
	23. Add lines 21 and 22 and enter the result here.....23.	
	24. Enter the amount on Form 2M, line 39 here.....24.	
	25. Multiply line 24 by 0.02 (2%) and enter the result here .....25.	
	26. Subtract line 25 from line 23 and enter the result here, but not less than zero .....26.	
	27. Political contributions (limited to \$100 per taxpayer)..... 27.	
	28. Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: _____ 28.	
<b>Total Itemized Deductions</b>	29. Add lines 4 through 6; 7e through 20; and 26 through 28 and enter the result here .....29.	
	If the amount on Form 2M, line 39 is more than \$156,400 complete Worksheet VI - Itemized Deduction Worksheet, otherwise enter zero on line 30.	
	30. Enter the amount from the itemized deduction Worksheet VI, line 11. <b>This is the amount of your non-allowed itemized deductions.</b> .....30.	
	31. Subtract line 30 from line 29 and enter the result here and on Form 2M, line 40. <b>These are your allowable itemized deductions.</b> ..... 31.	

**Schedule II - Montana Form 2M Tax Credits**

Enter your Montana tax credits on the corresponding line.  
File Schedule II with your Montana Form 2M.

**Nonrefundable credits that are single-year credits and HAVE NO carryover provision.**

1. College contribution credit. Attach Form CC. ....	1.	
2. Energy conservation installation credit. Attach Form ENRG-C. ....	2.	
3. Elderly care credit. Attach Form ECC. ....	3.	
4. Developmental disability account contribution credit. ....	4.	
5. Add lines 1 through 4 and enter the result here and on Form 2M, line 47. These are your total nonrefundable single-year credits. ....	5.	

**Nonrefundable credits that HAVE a carryover provision that allow you to carry forward the unused portion of your credit to future tax years.**

6. Alternative energy systems credit. Attach Form ENRG-B. ....	6.	
7. Adoption credit. Attach federal Form 8839. ....	7.	
8. Add lines 6 and 7 and enter the result here and on Form 2M, line 48. These are your total nonrefundable carryover credits. ....	8.	

**Refundable credits are applied against your income tax liability with any remaining balance refunded to you.**

9. Elderly homeowner/renter credit. Attach Form 2EC. ....	9.	
10. \$140 Homeowner income tax credit for property taxes. See instructions on page 16. ....	10.	
11. Add lines 9 and 10 and enter the result here and on Form 2M, line 54. These are your total refundable credits. ....	11.	

**Montana Tax Credits**

We have listed eight credits that can be used when filing Montana Form 2M. However, the Montana legislature has authorized 30 different income tax credits. See Montana Form 2, Schedule V for a list and description of these 30 tax credits that are available. If you are eligible for any of the other credits not listed above, you will have to file Montana Form 2 instead of Form 2M.

There are three categories of credits available to you on your Montana individual income tax return. With the exception of the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2M, line 45) you are not required to apply any of these eight 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 2007 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 2007 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credits.** Your nonrefundable carryover credit can be used to offset your 2007 resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credit that is not applied against your 2007 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.

**2007 Montana Individual Income Tax Table**

If your taxable income is over	but not over	Multiply your taxable Income by	and subtract	equals your tax
\$0	\$2,500	0.010	\$0	
\$2,500	\$4,400	0.020	\$25	
\$4,400	\$6,600	0.030	\$69	
\$6,600	\$9,000	0.040	\$135	

  

If your taxable income is over	but not over	Multiply your taxable Income by	and subtract	equals your tax
\$9,000	\$11,600	0.050	\$225	
\$11,600	\$14,900	0.060	\$341	
\$14,900 or more		0.069	\$475	

For example: Taxable income \$4,500 X 0.030 (3%) = \$135. \$135 minus \$69 = \$66 tax.