

Revised 11-02

# Montana 2002 Package X - Part IV

Contains Corporation License Tax

Instructions

CLT-4X

CLT4-UT added 11-02

DCAC

CC-CT

HI

RCYL-CT

AEPC

INA-CT

RDF-CT

CR-T

ATL

Mine-CERT

Mine-CRED

QEC



# 2002 Montana Corporation License Tax Booklet Form CLT-4

**Fiscal Year Filers - Please Note:**

These are your Corporation License Tax Forms for your fiscal year beginning in 2002.  
Retain this booklet for your 2002 filing purposes.

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Dear Montana Corporate Taxpayer:

The Montana Department of Revenue is continuing our efforts to become more modern, efficient and customer-focused. Our goal is to make it simpler and more convenient for taxpayers to do business with us. That includes making it easier for you to file your Montana Corporation License Tax return. If you have ideas on how we can improve our service, please feel welcome to contact our offices.

You may contact the Department of Revenue by e-mail with any questions, requests, comments or suggestions. The e-mail address is [jpurcell@state.mt.us](mailto:jpurcell@state.mt.us). In addition, you may download our forms and instructions at [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue) or contact our Customer Service Center at (406) 444-6900.

Sincerely,

Kurt Alme  
Director  
Department of Revenue

## Instructions for Filing Montana Corporation License Tax Return - Form CLT-4

### Subject To Tax

Every corporation engaged in business in the State of Montana; unless expressly exempted by the Department of Revenue under 15-31-102(1), Montana Code Annotated (MCA); must file an annual Montana Corporation License Tax return. The term "corporation" includes associations, joint stock companies, common law trusts and business trusts which do business in an organized capacity, whether or not under and pursuant to state laws, agreements or declarations of trust.

A tax of six and three-quarters percent (6.75%) is paid upon the total net income received in the preceding fiscal or calendar year from all sources within the State of Montana. Corporations with a valid water's edge election shall pay 7% upon the total net income received in Montana. If a corporation has sustained a net loss, it must file a Corporation License Tax return. The minimum tax paid by any corporation will be \$50.00. In the case of a combined return, the minimum tax applies to each corporation with Montana activity.

## When to File

For calendar year taxpayers, the tax is due on or before May 15th. For fiscal year taxpayers, the tax is due on or before the 15th day of the fifth month after the close of the taxable year. Interest of 12% per annum will accrue on any tax liability which has not been paid by the original due date of the return.

A corporation shall be allowed an automatic extension of time to file its return of up to six months following the prescribed filing date (15-31-111(3)(a), MCA). No application for an extension is necessary.

## Where to File

Mail returns to:

Montana Department of Revenue  
P.O. Box 5805  
Helena, Montana 59604-5805

## Montana Taxable Income

**Gross Income** - The term gross income means all income recognized in determining the corporation's gross income for federal income tax purposes.

**Deductions** - Deductions are those allowed in determining the federal net income and/or those deductions specifically set forth under 15-31-114, MCA.

### Line 1 - Taxable Income:

The taxable income reported on line 28 of your federal return (Form 1120) must be entered on line 1 of your Montana return (Form CLT-4). A complete copy of your Form 1120 MUST be attached to your CLT-4. If the Form 1120 is voluminous, attach pages 1 through 4, along with the schedules computing income and deductions, and supporting federal schedules for each of the following items, if applicable:

- Line 2 - Cost of Goods Sold/and or Operations
- Line 8 - Net Capital Gains (Schedule D)
- Line 9 - Ordinary Gains/(Loss)
- Line 10 - Other Income
- Line 17 - Taxes
- Line 26 - Other Deductions
- Form 8873 - Extraterritorial Income Exclusion

### Line 2 - Montana Additions:

(a)(b) The Montana Corporation License Tax and other state, local, and foreign income taxes must be added back to income (15-31-114(1)(e), MCA). Attach a breakdown of the federal 1120 line 17 taxes. These taxes are added back on lines 2a or 2b.

(c) Municipal bond interest is taxable and is added to income on line 2c (15-31-113(1)(a)(i), MCA).

(d) If the Charitable Endowment Credit is claimed on this return, the amount of contribution used to compute the credit must be included in income on line 2(d). (15-31-161, MCA).

(e) The federal Extraterritorial Income Exclusion is not allowed for Montana purposes. Consequently it must be added back in computing Montana taxable income.

(f) A detailed breakdown of other additions to income must be attached to the CLT-4 and reported on line 2e.

If a Foreign Sales Corporation (FSC) is owned by the taxpayer, a copy of the federal form 1120-FSC must be attached.

### Line 3 - Montana Reductions:

Montana allows a deduction for Section 243 Dividends at the same percentage as the federal deduction. This deduction is reported on line 3a.

**Nonbusiness Income:** (multistate taxpayers only) The term "business income" means income arising from transactions and activity in the regular course of a taxpayer's trade or business, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Gains or losses from the sale of capital or business assets, dividends, interest, rents, or royalties are presumed to be business income unless they can be clearly classified as nonbusiness income. A statement or schedule

which describes the type of income and explains in detail why the income is considered to be nonbusiness, must be attached to your return. All nonbusiness income is reported on line 3b.

Other deductions allowable in computing your Montana taxable income are reported on line 3c. A detailed schedule must be attached to your return.

Examples are:

- The amount of contributions made by a small business to its independent liability fund (33-27-117(1), MCA).
- A portion of an investment made in a building for the purpose of conserving energy (15-32-103, MCA). To qualify, the building must be used in the corporation's business and the result of the investment must be a substantial reduction in the amount of energy needed to render the building usable.
- Current year capital losses must be deducted in the year incurred (15-31-114(1)(b)(i), MCA). Attach copy of Federal Schedule D.
- Documented expenses for the donation of mineral exploration information to the Montana Tech Foundation (15-32-510, MCA).
- An additional 10% deduction for the purchase of recycled material; as computed on Form RCYL-CT. A copy of Form RCYL-CT (15-32-610, MCA) must be attached to your return.

### Line 4 - Adjusted Taxable Income:

Add lines 1 and 2 and subtract line 3; enter total on line 4.

### Line 5 - Income Apportioned to Montana:

For multistate taxpayers, multiply the amount reported on line 4 by the apportionment percentage from Schedule K; enter total on line 5.

### Line 6 - Income Allocated Directly to Montana:

For multistate taxpayers, any income determined to be Montana allocable income must be reported on line 6.

### Line 7 - Montana Taxable Income before Net Operating Loss:

Add lines 5 and 6; enter total on line 7 or enter amount shown on line 4. If a net operating loss was incurred, this loss must be carried back to the three (3) preceding taxable years prior to the loss year (15-31-119, MCA). An election to forego the entire carryback period may be made on page 1 of the CLT-4. Once made, an election to forego the carryback is irrevocable for the year made. If a net loss is reported on line 7 and neither box is checked, the loss must be carried back.

### Line 8 - Montana Net Operating Loss Carryover:

If you have sustained a Montana net operating loss in a preceding taxable year and such loss has not been fully offset against the Montana taxable income of the three previous taxable years, as outlined under 15-31-119, MCA, then you may apply the remaining loss against your income reported on line 4 or line 7. A net operating loss incurred may be carried forward for seven (7) taxable years following the year of the loss. Taxpayers who claim a Montana net operating loss deduction on line 8 must attach a detailed schedule of the net operating loss carryforward.

### Line 9 - Montana Taxable Income:

Subtract any loss reported on line 8 from line 7 and enter the Montana taxable income on line 9.

## Tax Due

### Line 10 - Montana Tax Liability:

Multiply line 9 by 6.75% (7% for corporations filing under a valid water's edge election) and enter the total on line 10. The Montana tax liability must not be less than \$50.00 (15-31-121(3), MCA), with the exception of the alternative tax explained on page 5. In the case of a combined return, the minimum tax applies to each corporation with Montana activity.

### Line 11 - Payments:

2001 Overpayment - An overpayment of your 2001 tax, not previously refunded, may be claimed as a credit on Line 11a.

Tentative Payment - You may elect to make a tentative payment of tax by attaching a remittance to the Montana Corporation License Tax Payment Coupon, inserted in this booklet. Please make your check payable to the Department of Revenue. Be sure to reference your federal employers identification number (FEIN) on your check. If a

tentative payment has been made, enter the amount on Line 11b.

Quarterly Estimated Payments - If quarterly estimated payments were made during 2002, enter the total of those payments on Line 11c. Add the payments reported on lines 11a, 11b, and 11c; enter the total payments on line 11.

### Line 12 - Credits:

To claim any credits on the CLT-4, you must attach a completed copy of Schedule C and the prescribed forms and/or detailed schedules for the credits claimed. Please see the instructions for Schedule C on pages 5 and 6 of this booklet.

### Line 13 - Tax Due:

Subtract any payments on line 11 or credits on line 12 from line 10. Enter the total tax due on line 13.

## Total Due or Overpayment Due

### Line 14 - Interest:

When the tax due is not paid by the original due date, interest on the tax due accumulates at the rate of twelve percent (12%) per annum until the tax is paid. Interest is accrued at 1% a month or fraction of a month on the unpaid tax. Taxes are due by the fifteenth day of the fifth month following the close of the taxable year.

### Line 15 - Estimated Tax Underpayment Interest Penalty:

If your tax liability is \$5,000 or greater, you must make quarterly estimated payments (15-31-502, MCA). A 12% per annum interest penalty will be imposed on any underpayment, as calculated in 15-31-510, MCA.

Compute the estimated tax underpayment interest penalty, if applicable, on Form CLT-4UT and attach a completed copy to your return. From line 18 of the CLT-4UT, enter amount of interest penalty on line 15.

### Line 16 - Penalty:

Your tax is due by the fifteenth day of the fifth month following the close of the taxable year. If you opt for the automatic extension of up to six (6) months, the tax plus any applicable interest is due when the return is filed.

Late Filing Penalty - If the return is not filed with the department by the due date, including any extension of time, a late filing penalty of \$50 or the amount of the tax due, whichever is less, must be assessed. If

there is an overpayment of tax reported on the return, no late filing penalty will be due. (15-1-216(1)(a), MCA)

Late Payment Penalty - The tax is due when the return is filed. A late payment penalty of 1.5% a month or fraction of a month must be assessed on the unpaid tax if payment is not received within the extended due date. The penalty may not exceed 18% of the tax due and is calculated from the original due date of the return. (15-1-216(1)(c), MCA)

### Line 17 - Total Due or Overpayment:

Add any applicable interest or penalties as reported on lines 14, 15, and/or 16 to the liability on line 13. Enter the total due/overpayment on line 17.

Pay the amount due in full by attaching your remittance, payable to the Department of Revenue, to the completed Montana Corporation License Tax Payment Coupon inserted in this booklet. Submit your payment and coupon with your return to the address listed on the coupon.

An overpayment may be applied to next year's liability or refunded.

### Line 18 - Overpayment Credited to 2003 Estimated Tax:

Indicate the amount, if any, of the overpayment that you wish to be applied to your 2003 estimated tax on line 18.

### Line 19 - Refund Due:

Indicate the amount, if any, of the overpayment that you wish to have refunded to you on line 19.

## Instructions for Schedule K

**SCHEDULE K applies only to multistate taxpayers. All multistate taxpayers must complete and attach the Schedule K to their Montana CLT-4.**

In most cases, multistate taxpayers must compute their Montana taxable income by means of the apportionment factor calculated on Schedule K. The apportionment factor is the standard UDITPA (Uniform Division of Income for Tax Purposes Act) three-factor formula of property, payroll, and sales used by most states with a corporate tax based on net income.

When a corporation is engaged in a unitary business within and without the State of Montana, the net income assignable to Montana must be determined using the apportionment factor. A business is unitary when the operations of the business within the state is dependent upon or contributory to the operations of the business outside the state. Schedule K must be completed fully by every corporation carrying on a unitary business within and without the state.

If the determination of income attributable to Montana is made on some basis other than the apportionment method, a full and detailed description of the operation and an explanation of the method proposed must accompany the return. However, schedule K must be completed even in a case where a taxpayer uses an alternative method of determining Montana taxable income.

A detailed explanation of the calculation of the apportionment factor is as follows:

Property Factor (Line 1, Schedule K): 15-31-306, MCA defines the property factor as a fraction, the numerator being the average value of the taxpayer's real and tangible personal property owned or rented and used in Montana in the production of business income during the tax period and the denominator being the average value of all the taxpayer's real and tangible personal property owned or rented and used in the production of business income during the tax period.

Property owned by the taxpayer is valued at its original cost. Real and tangible personal property used in the business includes land, building, machinery, equipment, stocks of goods, inventories, and other

## Instructions for Schedule K (continued)

tangible property actually used in connection with the production of the business income to be apportioned. It does not include money, accounts receivable, or other intangible property, real property held for investment or nonbusiness purposes or idle property of any nature.

Migratory property must be included in the numerator of the factor to the extent utilized in Montana.

Unless otherwise required by the Department of Revenue, the average value of owned property shall be determined by averaging the values at the beginning and ending of the tax period.

Property rented by the taxpayer must be valued at eight times the net annual rental rate. Rental expenses may not be averaged. The rental expenses for the current year must be used in the property factor.

**Payroll Factor (Line 2, Schedule K):** 15-31-308, MCA defines the payroll factor as a fraction, the numerator being the total amount paid in Montana during the tax period by the taxpayer for compensation attributable to the production of business income and the denominator being the total amount paid everywhere during the tax period for compensation attributable to the production of business income.

15-31-309, MCA states that payroll is paid in Montana if:

- the individual's service is performed entirely within the state;
- the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or
- some of the service is performed in the state and:
  - the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state; or
  - the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed but the individual's residence is in this state.

**Sales Factor (Line 3, Schedule K):** The term "sales" means all gross receipts of the taxpayer exclusive of nonbusiness income. 15-31-310, MCA defines the sales factor as a fraction, the numerator being the total sales of the taxpayer in Montana during the tax period and the denominator being the total sales of the taxpayer everywhere during the tax period.

Sales of tangible personal property are in the state if:

- the property is delivered or shipped to a purchaser, other than the United States Government; or
- the taxpayer is not taxable in the state of the purchaser.

Sales, other than sales of tangible personal property, are in this state if:

- the income-producing activity is performed in this state; or
- the income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

**Sum of Factors (Line 4, Schedule K):** Add lines 1, 2, and 3; enter the sum of the factors on line 4.

**Apportionment Factor (Line 5, Schedule K):** Divide line 4 by the number of factors present. For example, if the taxpayer reports only a sales factor and a property factor, but does not have payroll (in Montana or anywhere) to report a payroll factor; then the taxpayer would divide line 4 by 2 (the total number of existing factors), rather than 3. Enter the apportionment factor on line 5 of Schedule K and on line 5, page 1.

### Combined Returns for Multistate Corporations:

If a particular trade or business is carried on by a taxpayer and one or more "unitary" corporations owned greater than 50%, the taxpayer is required to file a "combined return" whereby the entire business income of such trade or business is apportioned in accordance with 15-31-305 through 15-31-311, MCA.

### Alternative Tax:

A taxpayer whose only activities in Montana consist of sales and do not include owning or renting real or tangible personal property, and whose dollar volume of gross sales made during the tax year within Montana does not exceed \$100,000, may elect to pay a tax of one-half of one percent (½%) on the gross volume of sales made in Montana in lieu of paying the Corporation License Tax based on net income (15-31-122, MCA). If electing the alternative tax, enter the calculated tax liability on line 10, page 1.

## Instructions for Schedule C

**A completed copy of Schedule C and the prescribed Corporation Tax forms or schedules must be attached to your CLT-4 in order to offset any tax liability by these credits.**

➤Line 1 - Montana Capital Company Credit A credit was available to corporations which invested in a qualified Montana capital company within 4 years of July 1, 1987, or in a qualified Montana small business investment capital company within 4 years of July 1, 1991. A credit qualified under 90-8-202(3), MCA may be carried forward 15 years. Report any available carryover on line (1) of Schedule C.

➤Line 2 - New/Expanded Industry Credit (A detailed schedule is **required**): A manufacturing company which begins operations so as to increase total full time employment by at least 30% is eligible for this credit. The amount of the credit is 1% of the total wages, as defined in 39-51-201, MCA paid to new employees, and is available during each of the first three years following initiation or expansion of the manufacturing operation. The credit is limited to the year in which it is earned; it can not be carried back or carried over.

➤Line 3 - Interest Differential Credit (A detailed schedule is **required**): A public utility or financial institution that lent money, prior to July 1, 1995, to be used for energy conservation purposes, may claim a credit which is the difference between the interest it actually receives and the interest it would have received at the prevailing rate for home improvements loans (15-32-107, MCA). The credit to be claimed by a utility may not exceed \$750,000 per year and the credit claimed by a financial institution may not exceed \$2,000 per year.

➤Line 4 - Montana Dependent Care Assistance Credit (Form DCAC): An employer may claim a credit for amounts paid or incurred for dependent care assistance provided to employees (15-31-131, MCA). 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. The credit is the lesser of:
  - ◆\$2,500 times the number of dependents the day-care facility is designed to accommodate.
  - ◆15% of acquisition, construction, reconstruction, renovation, or other improvement cost or
  - ◆ \$50,000
- Providing dependent care assistance to employees that meet the requirements of Internal Revenue Code 26 U.S.C.129(d)(2) through (d)(6). The credit is 25% of the amount paid or incurred by the employer during the taxable year with a limit of \$1,575 per employee.

- Providing information and referral services to assist employees within the state in obtaining dependent care. The credit is 25% of the amount paid or incurred by the employer during the taxable year.

➤Line 5 - Montana College Contribution Credit (Form CC-CT): A credit is allowed in an amount equal to 10% of the aggregate amount of charitable contributions made by the taxpayer during the year to any general endowment funds of the Montana university system foundations or a general endowment fund of a Montana private college or its foundation (15-30-163, MCA). The maximum amount of credit that can be claimed is \$500 per year with no provision for carryback or carryover.

➤Line 6 - Disability Insurance for Uninsured Montanans Credit (Form HI): A credit may be claimed for the disability insurance premiums paid by an employer for his employees (15-31-132, MCA). The credit can be up to \$25 a month for each employee. The maximum credit that can be claimed each year is \$3,000 with no provisions for carryback or carryover.

## Instructions for Schedule C (continued)

### ➤Line 7 - Montana Recycle Credit/Deduction (Form RCYL-CT):

A credit may be claimed for investments in depreciable equipment or machinery used to collect, process or manufacture a product from reclaimed material (15-32-602, MCA) or depreciable property that treats soil contaminated by hazardous wastes (15-32-603, MCA). The credit is a percentage (25% to 5%) of the cost of the property used in Montana, before consideration of trade-in equipment. An exception to this is that the basis shall be reduced by any trade-in which has had this credit previously taken on it. The credit is limited to the current year tax liability with no provisions for carryback or carryover.

➤Line 8 - Alternative Energy Production Credit (Form AEPC): A credit is available to alternative energy producers (15-32-402, MCA). The credit is 35% of the eligible costs 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 must first be claimed in the year in which the asset was placed in service; any excess credit may be carried over up to 15 years.

➤Line 9 - Contractor's Gross Receipts Tax Credit: A taxpayer who has paid Public Contractor's Gross Receipts Tax under 15-50-207, MCA may be entitled to a credit for a taxable year within which the net income from contracts subject to the gross receipts tax is reported. After credit for personal property taxes has been deducted, the remaining credit, if any, may be applied to your Corporation License Tax liability. Any excess credit can not be carried back or carried forward.

In support of the Contractors Gross Receipts Tax Credit claimed, you must attach a schedule or statement with the contract name (and number, if any); location; general description (for example: building, road, bridge, etc.); name of awarding agency; name of prime contractor (if subcontractor); and the amount of gross receipts tax paid thereon, as well as the amount which has been applied to personal property taxes. If you report your income from contracts on a percentage of completion basis, the credit must be allocated proportionately.

➤Line 10 - Alternative Fuel Credit: (Form AFRC) (A detailed schedule is required.) A credit is allowed for equipment and labor costs incurred to convert a motor vehicle licensed in Montana to operate on alternative fuel (15-30-164, MCA). The maximum credit is equal to 50% of the equipment and labor costs incurred but may not exceed: \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less; \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds. The credit must be applied in the year in which the conversion was made; it can not be carried back or carried over.

➤Line 11 - Infrastructure Users Fee Credit: A credit may be claimed for the infrastructure users fee paid to a local government. In order to claim the credit in 17-6-316, MCA the taxpayer must meet the criteria set forth in 17-6-309(2), MCA and pay the infrastructure users fee. A form must be certified by the county, verifying the amount of the infrastructure users fee paid and the timeliness of payment.

➤Line 12 - Qualified Endowment Credit: (Form QEC) 15-31-161, MCA allows a corporation a credit against their corporation license tax for a gift to a qualified charitable endowment. The credit may not exceed your tax liability, is non-refundable and can not be carried back or carried forward. The value of the gift used in calculating the credit may not be claimed as a deduction under 15-31-114, MCA.

| <b>NEW</b> Planned Gifts by Entities |                      |             |  |
|--------------------------------------|----------------------|-------------|--|
| Planned Gift Date                    | % of Present Value   | Max. Credit |  |
| 1-1-97 through 12-31-01              | 50%                  | \$10,000    |  |
| 1-1-02 through 8-27-02               | 40%                  | \$10,000    |  |
| 8-28-02 through 6-30-03              | 30%                  | \$ 6,600    |  |
| 7-1-03 through 4-30-04               | 50%                  | \$13,400    |  |
| Gifts by Eligible Entities           |                      |             |  |
| Qualified Charitable Gift Date       | % of Charitable Gift | Max. Credit |  |
| 1-1-97 through 12-31-01              | 50%                  | \$10,000    |  |
| 1-1-02 through 8-27-02               | 20%                  | \$10,000    |  |
| 8-28-02 through 6-30-03              | 13.3%                | \$ 6,600    |  |
| 7-1-03 through 4-30-04               | 26.7%                | \$13,400    |  |

A planned gift is an irrevocable contribution made using any of the following techniques:

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Charitable remainder unitrust     | Charitable remainder annuity trusts |
| Charitable lead unitrusts         | Charitable lead annuity trusts      |
| Charitable gift annuities         | Deferred charitable gift annuities  |
| Charitable life estate agreements | Pooled income fund trusts           |
| Paid-up life insurance policies   |                                     |

A contribution from a corporation, small business corporation, estate, trust, partnership or limited liability company may be made by means of a planned gift or may be made directly to a qualified endowment.

A qualified Montana endowment means a permanent, irrevocable fund that is held by a Montana organization that:

- is tax exempt under IRC Section 501(c)(3) or
- is a bank or trust company that is holding the fund on behalf of a tax-exempt organization.

For the purpose of this credit the affordable housing revolving loan account established in 90-6-133, MCA is considered a qualified endowment.

**NEW** Attach Form QEC and verification requirements of the planned gift or outright charitable gift made to a qualified endowment. See instructions on form QEC for verification requirements.

➤Line 13 - Historical Buildings Preservation Credit: (Federal Form 3468) Taxpayers may claim a credit for expenditures made in relation to the preservation of certain historic buildings located in Montana. Qualifying historic buildings are those structures defined in Section 47 (c) of the Internal Revenue Code. The allowable Montana credit is 25% of the federal rehabilitation credit provided for in Section 47 (a) (2) of the IRC.

The federal rehabilitation credit is a component of the federal general business credit. No other component of the general business credit may be used to compute the Montana credit for the preservation of historic buildings. Qualifying expenditures used to calculate this credit must be reduced by amounts used in calculating other Montana tax credits or tax incentives.

Montana's Credit for the Preservation of Historic Buildings is a nonrefundable credit, however, unused credit may be carried forward for up to seven years succeeding the year in which the credit is generated. Credit amounts carried forward must be used in the earliest succeeding years. If a taxpayer has generated this credit in more than one tax year, the oldest available credits must be used first.

➤Line 14 - Increase Research and Development Activities Credit: (Form RSCH) A credit is available for increases in qualified research expenses and basic research payments for research conducted in Montana (15-31-150, MCA). The credit is determined in accordance with section 41 of the IRC, 26 U.S.C. 41, with the exception that the applicable rate is 5% for Montana purposes. A completed copy of the form provided by the department must be attached to the return.

Any unused credit cannot be refunded, but may be carried back 2 years and carried forward 15 years.

➤Line 15 - Mineral Exploration Incentive Credit: (Form MINE-CRED) A credit may be claimed for certified expenditures of mining exploration activities (15-32-501), MCA, not to exceed 50% of the corporation tax liability. Certified expenditures represent costs incurred for activities in direct support of exploration activity conducted at a specific exploration site. The credit applies to activities associated with both new mines and mines that are being reopened. A completed copy of the form provided by the department must be attached to the return.

To obtain the credit, the taxpayer must first submit a request that details the work done and the expenses incurred (Form MINE-CERT). This must be done within 60 days following the end of the calendar year on a form provided by the department. The department has until September 30 to certify whether the expenses qualify for the credit.

➤Line 16 - Affordable Housing Revolving Loan Account Contribution Credit (A receipt from the Montana Board of Housing must be attached): A credit may be claimed for contributions made to the affordable housing revolving loan account established under 90-6-133, MCA. The credit is equal to 10% of the amount donated by a corporation to the affordable housing revolving loan account. The maximum credit that may be claimed is \$10,000 and may not exceed your tax liability. There are no carryover provisions allowed for this credit. You are not entitled to this credit if you have claimed the full amount of the contribution as a deduction under 15-31-114, MCA or have taken the contribution as a Qualified Endowment Credit.



# 2002 Corporation License Tax Return

MONTANA  
Form CLT-4  
Rev. 8-02

For calendar year 2002 or tax year beginning \_\_\_\_\_, 2002; ending \_\_\_\_\_, 20\_\_\_\_

|  |                  |                                  |         |
|--|------------------|----------------------------------|---------|
| Check if Applicable:<br><br>___ Initial Return<br><br>___ Final Return | Corporation name | FEIN: _____                      |         |
|  | Address          | Federal Business Code: _____     |         |
|  |                  | Incorporated in State of: _____  |         |
|  | City             | State                            | Zip + 4 |
|  |                  | Date: _____                      |         |
|  |                  | Date Qualified in Montana: _____ |         |

Reporting Method: Cash \_\_\_\_\_ Accrual \_\_\_\_\_ Other (please specify) \_\_\_\_\_

|   |    |  |  |
|---|----|--|--|
| 1. Taxable income per federal return (line 28) (Copy of Federal 1120 Must be Attached).....   | 1  |  |  |
| 2. Add: a. Montana Corporation License Tax (Attach breakdown of federal 1120 line 17)..... 2a   |    |  |  |
| b. Other state, local, foreign, and franchise taxes based on income.....2b  |    |  |  |
| c. Federal tax exempt interest.....2c   |    |  |  |
| d. Contributions used to compute charitable endowment credit.....2d   |    |  |  |
| e. Extraterritorial income exclusion.....2e   |    |  |  |
| f. Other additions (A Detailed Breakdown Must be Attached).....2f   |    |  |  |
| Total Additions.....  | 2  |  |  |
| 3. Subtract: a. IRC Section 243 dividend received deduction.....3a  |    |  |  |
| b. Nonbusiness income (A Detailed Breakdown Must be Attached).....3b  |    |  |  |
| c. Other reductions (A Detailed Breakdown Must be Attached).....3c  |    |  |  |
| d. Montana recycling deduction (Attach Form RCYL-CT).....3d   |    |  |  |
| Total Reductions.....   | 3  |  |  |
| 4. Adjusted taxable income (line 1 + line 2 - line 3).....  | 4  |  |  |
| 5. Income apportioned to Montana (line 4X _____% from Schedule K, line 5).....  | 5  |  |  |
| 6. Income allocated directly to Montana (Multi-state taxpayers only; A detailed breakdown MUST be attached).....  | 6  |  |  |
| 7. Montana taxable income before net operating loss (line 5 + line 6 or enter amount reported on line 4).....   | 7  |  |  |
| If line 7 is a loss, do you wish to forego the net operating loss carryback provision? <input type="checkbox"/> Yes <input type="checkbox"/> No                             |    |  |  |
| *If a loss is reported on line 7 and neither box is checked, the loss must be carried back.   |    |  |  |
| 8. Montana net operating loss carryover (A Detailed Schedule Must be Attached).....   | 8  |  |  |
| 9. Montana taxable income (line 7 - line 8).....  | 9  |  |  |
| 10. Montana tax liability (line 9 X 6.75%)(line 9 X 7% for those corporations electing a water's edge filing).....  | 10 |  |  |
| Not to be less than the MINIMUM tax liability of \$50 (The minimum tax applies to each corporation with Montana activity) <input type="checkbox"/> Alternative Tax          |    |  |  |
| 11. Subtract: a. 2001 overpayment.....11a   |    |  |  |
| b. Tentative payment.....11b  |    |  |  |
| c. Quarterly estimated tax payments.....11c   |    |  |  |
| Total Payments.....   | 11 |  |  |
| 12. Subtract: Credits (from Schedule C).....  | 12 |  |  |
| 13. Tax due (line 10 - line 11 - line 12) Send your payment with the coupon provided in the booklet.....  | 13 |  |  |
| 14. Interest from due date @ 12% per annum.....   | 14 |  |  |
| 15. Estimated tax underpayment interest penalty (attach Form CLT-4UT)..... <input type="checkbox"/> Check box for annualized income or adjusted seasonal income method..... | 15 |  |  |
| 16. Penalty: a. Late Filing Penalty (see instructions).....16a  |    |  |  |
| b. Late Payment Penalty (see instructions).....16b  |    |  |  |
| Total Penalty Payment.....  | 16 |  |  |
| 17. Total due or overpayment (line 13 + 14 + 15 + 16).....  | 17 |  |  |
| 18. Overpayment to be credited to 2003 estimated tax.....   | 18 |  |  |
| 19. Refund Due.....   | 19 |  |  |

Check here, if you DO NOT need the Montana Corporate License Tax Return and instructions sent to you next year.

### Please Answer All Questions on Page 2 of This Form Declaration

This return must be signed by one of the following: president, vice-president, treasurer, assistant treasurer, or chief accounting officer. I, the undersigned officer of the corporation for which this return is made, hereby declare that this return, including all accompanying schedules and statements; is, to the best of my knowledge and belief, a true correct and complete return, made in good faith for the income period stated, pursuant to the Montana Corporation License Tax law and Regulations.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_

Name of person or firm preparing return \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Telephone number \_\_\_\_\_

Address and Zip Code \_\_\_\_\_ Telephone number \_\_\_\_\_

Attach Remittance Payable to Department of Revenue

Copy of Federal Form 1120 Must be Attached

Preparer's ID# \_\_\_\_\_

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# General Questions

1. Describe in detail, the nature and location(s) of your Montana activities (If necessary, provide the description on an additional page): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yes    No  
\_\_\_\_    \_\_\_\_  
2. Is this the corporation's first return?  
If so, please indicate whether:  
\_\_\_\_\_ New business  
\_\_\_\_\_ Successor to previously existing business  
Enter name, address, and FEIN of previous business:  
\_\_\_\_\_  
\_\_\_\_\_

Yes    No  
\_\_\_\_    \_\_\_\_  
3. Is this the corporation's final return?  
If so, indicate whether:  
\_\_\_\_\_ Withdrawn  
\_\_\_\_\_ Dissolved  
\_\_\_\_\_ Merged  
\_\_\_\_\_ Reorganized  
Date of withdrawal, dissolution, merger, or reorganization: \_\_\_\_\_  
If your status has been changed as a result of dissolution, merger, or reorganization; attach a statement with the details.

Yes    No  
\_\_\_\_    \_\_\_\_  
4. Is this a consolidated / combined return?  
If "yes," Attach a list of all companies and their FEIN included in the return.

Yes    No  
\_\_\_\_    \_\_\_\_  
5. Are you included as a member of a consolidated group for U.S. Consolidated Income Tax Purposes?  
If "Yes," you must attach pages 1 through 4 of the consolidated U.S. Corporation Income Tax Return (Form 1120) and a schedule of gross income and deductions, by company, supporting the consolidated taxable income. If you are a member of an affiliated group of corporations, you **MUST** attach a list of the names of the corporation within the group which files a Montana Corporation License Tax return.

Yes    No  
\_\_\_\_    \_\_\_\_  
6. Have there been any changes to your federal taxable income (Form 1120), due to federal Internal Revenue Service audits, that you have not notified the Department of Revenue about? If "Yes", indicate the most recent taxable year and completion date for which an Internal Revenue Service audit has been completed: \_\_\_\_\_  
\_\_\_\_\_

Yes    No  
\_\_\_\_    \_\_\_\_  
7. Are any statute of limitation waivers currently in force which have been executed with the Internal Revenue Service? If "Yes", which taxable years are covered and what are the expiration dates of the waivers?  
\_\_\_\_\_  
\_\_\_\_\_

Yes    No  
\_\_\_\_    \_\_\_\_  
8. Has an amended federal return been filed for any of the last five (5) taxable years? If "Yes", which taxable year(s) were amended? \_\_\_\_\_  
\_\_\_\_\_

If "Yes" has an amended Montana return been filed? \_\_\_\_\_

Apportionment Factors for Multistate Taxpayers

| A. Everywhere | B. Montana | C. Factor<br>(B divided by A = C) |
|---------------|------------|-----------------------------------|
|---------------|------------|-----------------------------------|

1. **Property Factor:**

Use average value for real and tangible personal property:

|                             |  |  |          |
|-----------------------------|--|--|----------|
| Land.....                   |  |  |          |
| Buildings.....              |  |  |          |
| Machinery.....              |  |  |          |
| Equipment.....              |  |  |          |
| Furniture and fixtures..... |  |  |          |
| Inventories.....            |  |  |          |
| Supplies and other.....     |  |  |          |
| Rents X 8.....              |  |  |          |
| <b>Total Property.....</b>  |  |  | <b>%</b> |

2. **Payroll Factor:**

|                               |  |  |          |
|-------------------------------|--|--|----------|
| Compensation of officers..... |  |  |          |
| Salaries and wages.....       |  |  |          |
| <b>Payroll included in:</b>   |  |  |          |
| Costs of goods sold.....      |  |  |          |
| Repairs.....                  |  |  |          |
| Other deductions.....         |  |  |          |
| <b>Total Payroll.....</b>     |  |  | <b>%</b> |

3. **Sales (Gross Receipts) Factor:**

|                                |  |  |          |
|--------------------------------|--|--|----------|
| Gross sales, less returns..... |  |  |          |
| Other (attach schedule).....   |  |  |          |
| <b>Total Sales.....</b>        |  |  | <b>%</b> |

4. Sum of Factors (add lines 1,2,and 3).....  %

5. **Apportionment Factor** (1/3 of line 4; if less than 3 factors exist, see instructions)

(enter here and on line 5, page 1).....  %

Questions Required of Multistate Taxpayers Only:

Yes No 1. Did you at the end of the taxable year own, directly or indirectly, 50% or more of the outstanding voting  
 \_\_\_ \_\_\_ stock of a domestic corporation? If "Yes," attach a schedule showing name, address, and percentage owned.

Yes No 2. Were you a U.S. shareholder of any controlled foreign corporation?  
 \_\_\_ \_\_\_ If "Yes," you must attach a schedule showing name, address, and percentage owned.

Yes No 3. Did any individual, partnership, corporation, estate, or trust at the end of the taxable year own, directly or  
 \_\_\_ \_\_\_ indirectly, 50% or more of your voting stock? If "Yes," you must attach a schedule showing name, address,  
 and percentage owned.

Yes No 4. If the answer to question 3 is "Yes," did the same individual, partnership, corporation, estate, or trust at the end  
 \_\_\_ \_\_\_ of the taxable year also own, directly or indirectly, 50% or more of the voting stock of another (brother-sister)  
 corporation? If "Yes," you must attach a schedule of the other corporate entity(ies).

5. Check Applicable Filing Method: (Please note: Combined filings are required for all members of a "unitary" group.)

- \_\_\_\_\_ Separate Company Apportionment
- \_\_\_\_\_ Separate Accounting
- \_\_\_\_\_ Worldwide Combination
- \_\_\_\_\_ Domestic Combination
- \_\_\_\_\_ Limited Combination
- \_\_\_\_\_ Water's Edge Return (MUST have a valid election)

**Schedule C:**

**FEIN:**

**Year** \_\_\_\_\_

| Type of Credit  |   | Amount of Credit |  |
|---|---|------------------|--|
| 1.  | Montana Capital Company Credit  |                  |  |
| 2.  | New/Expanded Industry Credit  |                  |  |
| 3.  | Interest Differential Credit  |                  |  |
| 4.  | Montana Dependent Care Assistance Credit .....attach Form DCAC            |                  |  |
| 5.  | Montana College Contribution Credit .....attach Form CC-CT                |                  |  |
| 6.  | Disability Insurance for Uninsured Montanan's Credit .....attach Form HI  |                  |  |
| 7.  | Montana Recycle Credit ..... attach Form RCYL-CT                          |                  |  |
| 8.  | Alternative Energy Production Credit .....attach Form AEPC                |                  |  |
| 9.  | Contractor's Gross Receipts Tax Credit                                    |                  |  |
| 10.   | Alternative Fuel Credit .....attach Form AFCR                             |                  |  |
| 11.   | Infrastructure Users Fee Credit   |                  |  |
| 12.   | Qualified Endowment Credit .....attach Form QEC                           |                  |  |
| 13.   | Historical Buildings Preservation Credit .....attach Federal Form 3468    |                  |  |
| 14.   | Increase Research and Development Activities Credit .....attach Form RSCH |                  |  |
| 15.   | Mineral Exploration Incentive Credit .....attach Form MINE-CRED           |                  |  |
| 16.   | Affordable Housing Revolving Loan Account Contributions Credit            |                  |  |
| <b>Total Credits</b> (enter here and on line 12 of the CLT-4) |   |                  |  |

**Note:** To receive these credits, the prescribed Corporation Tax forms (form numbers are noted above) or a detailed schedule must be attached with this schedule to your CLT-4.

Send completed Montana Corporation License Tax returns to the following address:

Montana Department of Revenue  
Post Office Box 5805  
Helena, MT 59604-5805

| <b>Corporation License Tax - Form Description</b>                      | <b>Form #</b> | <b>Quantity</b> |
|--|---------------|-----------------|
| Montana Corporation License Tax Return <u>with</u> instructions        | CLT-4         |                 |
| Montana Corporation License Tax Return <u>without</u> instructions     | CLT-4         |                 |
| Montana Small Business Corporation Information Return                  | CLT-4S        |                 |
| Amended Corporation License Tax Return                                 | CLT-4X        |                 |
| Underpayment of Estimated Tax  | CLT-4-UT      |                 |
| Montana Dependent Care Assistance Credit                               | DCAC          |                 |
| Montana College Contribution Credit                                    | CC-CT         |                 |
| Disability Insurance for Uninsured Montanan's Credit (Employer)        | HI            |                 |
| Montana Recycling Credit/Deduction                                     | RCYL-CT       |                 |
| Alternative Energy Production Credit                                   | AEPC          |                 |
| Affidavit of Corporate Inactivity                                      | ACI-CT        |                 |
| Application to be considered a Research and Development Firm           | RDF-CT        |                 |
| Credit for Increasing Research Activities                              | RSCH          |                 |
| Certification of Expenditures for Mineral Exploration Incentive Credit | MINE-CERT     |                 |
| Mineral Exploration Incentive Credit                                   | MINE-CRED     |                 |
| Scannable Payment Coupon   | Form CT       |                 |
| Qualified Endowment Credit   | Form QEC      |                 |

All Corporation License Tax Forms, listed above, may be received by calling the Forms Distribution Center at (406) 444-6900; through e-mail, the address is [jpurcell@state.mt.us](mailto:jpurcell@state.mt.us); via the internet, download our forms at [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue); or by sending a copy of this order form to the address listed on page 3 of this booklet.

**Please send the forms requested above to:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

| <b>Important Numbers</b>               |                |
|--|----------------|
| Assistance and Help Line               | (406) 444-6900 |
| Forms Request                          | (406) 444-6900 |
| Fax                                    | (406) 444-2900 |
| <b>These are not toll free numbers</b> |                |



**Amended Montana Corporation License Tax Return**

For calendar year \_\_\_\_\_ or other taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_  
Name \_\_\_\_\_ FEIN: \_\_\_\_\_

Number and Street or P.O. Box \_\_\_\_\_ If new address check here

City or Town, State, and Zip Code \_\_\_\_\_

**Important:** Please read specific instructions pertaining to refunds on back of this form.

|  | a. As Originally reported or as adjusted | b. Net Changes increase or decrease | c. Correct Amount |
|--|--|-------------------------------------|-------------------|
| 1. Montana Taxable Income.....   |  |                                     |                   |
| <b>Tax Liability</b>   |  |                                     |                   |
| 2. Tax Liability - 6.75% of line 1, but not less than \$50 (Small Business Corporations \$10)..... |  |                                     |                   |
| 3. Surtax (see back of this form).....   |  |                                     |                   |
| 4. Add: Investment Tax Credit Recapture*.....  |  |                                     |                   |
| 5. Less: Allowable Tax Credits*.....   |  |                                     |                   |
| 6. Adjusted Tax Liability.....   |  |                                     |                   |
| 7. Less: Total Tax Paid (original plus subsequent payments).....                                   |  |                                     | [      ]          |
| 8. Plus: Previous Refunds Issued.....  |  |                                     |                   |
| 9. Tax Due (Overpayment).....  |  |                                     |                   |
| 10. Add Interest (see rules on back).....  |  |                                     |                   |
| 11. Total Due or (Overpayment Due) (total of lines 9 and 10).....                                  |  |                                     |                   |

**\*attach a schedule if recapture or credit is different from the amount originally reported**

**Please check or indicate reasons for amending return:**

- NOL carryback/carryforward; year of loss \_\_\_\_\_
- Federal Revenue Agent Report - copy of this report is required
- Factor Changes - complete back of this form, a detailed explanation of changes to factors is required.
- Amended Federal Return (Form 1120X) - a copy of the complete 1120X is required.
- Other - Explain in detail on the back of this form

For changes to credits attach applicable schedules and the reason for the change.

**Declaration**

I, the undersigned officer of the corporation for which this return is made, hereby declares that this return, including all accompanying schedules and statements is, to the best of my knowledge and belief, a true, correct, and complete return, made in good faith for the income period stated, pursuant to the Montana Corporation License Tax laws and regulations.

Signature of Officer \_\_\_\_\_ Date \_\_\_\_\_ Name of person or firm preparing return \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_ Address and Zip Code \_\_\_\_\_ Telephone # \_\_\_\_\_

## Instructions for Form CLT-4X

This form is to be used by all corporations that are amending an original Montana Corporation License Tax return (Form CLT-4): When completing this form use the instructions which pertain to the year you are amending. Be sure to give a detailed explanation of the reason for the change.

Mail this form to:

Montana Department of Revenue  
P.O. Box 5805  
Helena, Montana 59604-5805

### Surtax (CLT-4X, line 3)

For each of the following years beginning on or after January 1st, but before December 31st, each corporation is subject to a surtax of:

|           |             |
|-----------|-------------|
| 1988 ➡ 4% | 1992 ➡ 2.3% |
| 1990 ➡ 5% | 1993 ➡ 4.7% |

### Specific Rules Pertaining to Refunds

1. A net operating loss must be carried back three years before the excess net operating loss can be carried forward, unless an election to forego the net operating loss carryback has been made. Once made, an election to forego the carryback is irrevocable. A net operating loss incurred may be carried forward for seven years following the year of the loss.
2. Interest shall not be paid on a refund from a net operating loss (15-31-119(9)), MCA.
3. Interest shall not be paid if the overpayment is refunded within 6 months from the date the return is due or from the date the return is filed, whichever is later.
4. Interest is computed on an overpayment of tax or additional tax due as follows:
  - Overpayment of tax...
    - at the rate of 6% per annum through 5/31/81
    - at the rate of 12% per annum thereafter
  - Additional tax due...
    - at the rate of 9% per annum through 5/31/81
    - at the rate of 12% per annum thereafter
5. **Statute of Limitations:**  
For years beginning before March 13, 1997, no refund or credit shall be allowed with respect to the year for which a return is filed after five (5) years from the due date of the return, without regard to an extension of time to file (15-31-509(2)), MCA. For years beginning after March 13, 1997, no refund or credit shall be allowed with respect to the year for which a return is filed after (3) three years from the due date of the return without regard to an extension of time to file (15-31-509(2)), MCA.

### Required of Multistate Taxpayers Only

If the property, payroll, and sales ratios are the same as reported on the original return, this part need not be completed.

|   | Within Montana | Total Company | % Within Montana |
|---|----------------|---------------|------------------|
| 1. Total property as originally reported.....   |                |               | %                |
| 2. Net changes (increase or decrease - explain below).....                                    |                |               |                  |
| 3. Corrected total property.....  |                |               | %                |
| 4. Total payroll as originally reported.....  |                |               | %                |
| 5. Net changes (increase or decrease - explain below).....                                    |                |               |                  |
| 6. Corrected total payroll.....   |                |               | %                |
| 7. Total sales as originally reported.....  |                |               | %                |
| 8. Net changes (increase or decrease - explain below).....                                    |                |               |                  |
| 9. Corrected total sales.....   |                |               | %                |
| 10. Total percent (add lines 3, 6, & 9).....  |                |               | %                |
| 11. Average percent (line 10 ÷ 3) Use to calculate Net Change in Income (Line 1, CLT-4X)..... |                |               | %                |

Explanation for changes to your Montana Corporation License Tax return:



## Underpayment of Estimated Tax By Corporations

For calendar year \_\_\_\_\_ or other taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_

➤ See separate instructions

➤ Attach to your tax return

Name: \_\_\_\_\_ FEIN: \_\_\_\_\_

### Part I Figuring your underpayment

- 1. Total current year tax liability 1.
- 2. Current year tax credits 2.
- 3. Subtract line 2 from line 1. If the result is less than \$5,000, do not complete the rest of this form.  
You do not owe the penalty. 3.
- 4. a. Enter 80% of line 3. 4a.
- b. Enter 100% of the tax shown on your previous year's CLT-4 (see instructions). 4b.
- c. Enter the lessor of line 4a or 4b. 4c.

|  | a. | b. | c. | d. |
|--|----|----|----|----|
| 5. Enter in the columns (a) through (d) the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year).   |    |    |    |    |
| 6. Enter 25% of line 4c in columns (a) through (d) or the appropriate % as shown in §15-31-502(2) unless "a" below applies to the corporation.<br>a. If you use the annualized income installment method and/or the adjusted seasonal installment method, complete the worksheet in the instructions and enter the amount from line 41 in each column of line 6. Also check this box <input type="checkbox"/> and attach a copy of the worksheet to this form. |    |    |    |    |

### Complete lines 7 through 14 for one column before completing the next column.

|   |     |  |  |  |
|---|-----|--|--|--|
| 7. Amount paid or credited for each period (see instructions).<br>For column (a) only, enter the amount from line 7 on line 11.   | 7.  |  |  |  |
| 8. Enter amount, if any, from line 14 of previous column.   | 8.  |  |  |  |
| 9. Add lines 7 and 8.   | 9.  |  |  |  |
| 10. Add amounts of lines 12 and 13 of the previous column and enter results here.   | 10. |  |  |  |
| 11. Subtract line 10 from line 9. If less than zero, enter zero.<br>For column (a) only, enter the amount from line 7.  | 11. |  |  |  |
| 12. Remaining underpayment from previous period. If the amount on line 11 is zero, subtract line 9 from line 10 and enter the results here. Otherwise, enter zero.                            | 12. |  |  |  |
| 13. <b>Underpayment.</b> If line 11 is less than or equal to line 6, subtract line 11 from line 6 and enter the results here. Then go to line 7 of the next column. Otherwise, go to line 14. | 13. |  |  |  |
| 14. <b>Overpayment.</b> If line 6 is less than line 11, subtract line 6 from line 11 and enter the results here. Then go to line 7 of the next column.  | 14. |  |  |  |

### Part II Figuring the Penalty

|   |     |  |  |  |
|---|-----|--|--|--|
| 15. Enter the date of payment or the 15th day of the fifth month after the close of the tax year, whichever is earlier. | 15. |  |  |  |
| 16. Number of days from due date of installment on line 5 to the date shown on line 15.                                 | 16. |  |  |  |
| 17. Number of days on line 16 times <b>12%</b> times underpayment on line 13 divided by 365.                            | 17. |  |  |  |
| 18. <b>Total penalty.</b> Add all amounts on line 17. Include this amount on line 15 of Form CLT-4.                     | 18. |  |  |  |

# Instructions for Underpayment of Estimated Tax by Corporations (Form CLT-4-UT)

## Who must pay the Underpayment Penalty:

If the corporation did not pay enough estimated tax by any due date for paying estimated tax, it may be charged a penalty. This is true even if the corporation is due a refund when its return is filed. The penalty is figured separately for each installment due date. Therefore, the corporation may owe a penalty for an earlier installment due date, even if it paid

enough tax later to make up the underpayment.

Generally, a corporation is subject to the penalty if its tax liability is \$5,000 or more and it did not pay on the lesser of 80% of its tax liability for the current year or 100% of its tax liability for the previous year (if the previous year's return showed a tax liability and the return covered a full 12 months).

## How to use this Form:

Complete Part I of Form CLT-4-UT to determine if you have an underpayment for any of the four installment due dates. If you have an

underpayment on line 13 (column A, B, C, or D), go to Part II to figure the penalty. Attach Form CLT-4-UT to your tax return.

## Part I Figuring your underpayment

Complete lines 1 through 14 in Part I. Follow the instructions below:

**Line 1** - Enter the tax from line 10, Form CLT-4.

**Line 2** - Enter the tax credits from line 12, Form CLT-4.

**Line 4b** - Enter your previous year's tax using the taxes and credits from your previous year's return. If you did not file a return showing a tax liability for the previous year, or if your previous year was for less than 12 months, do not complete this line. Instead, enter the amount from line 4a on line 4c.

**Line 6** - If the corporation's income varied during the year because, for example, it operated its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income installment method or the adjusted seasonal installment method. For example, a ski shop, which receives most of its income during the winter months, might benefit from using one or both of these methods in figuring its required installments. The annualized income installment or adjusted seasonal installment may be less than the required installment under the regular method for one or more due dates, thereby reducing or eliminating the penalty for those due dates.

To use one or both of these methods to figure one or more required installments, use the worksheets on pages 3 and 4 of these instructions. If you use either worksheet for any payment date, you must use it for **all** the payment due dates.

If you are using both the annualized income and seasonal methods, complete the entire worksheet. To arrive at the amount of each required installment select the smallest of the A annualized income in-

stallment; B adjusted seasonal installment (if applicable); or C regular installment.

If you are using only the annualized income installment method, complete Parts I and III of the worksheet. If you are using only the adjusted seasonal installment method, complete Parts II and III of the worksheet. If you are using both methods, complete the entire worksheet. Enter in each column on line 6 the amounts from the corresponding column of line 41 of the worksheet. Also attach a copy of the worksheet to form CLT-4-UT and check the box on line 6a.

If you are not using the annualized income installment method or adjusted seasonal installment method, follow the instructions below to figure the amount to enter on line 6.

If line 4a is less than line 4b: Enter 25% of line 4a in columns A through D. If line 4b is less than line 4a: In column A through D enter 25% of line 4b.

**Line 7** - In column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year; in column B, enter payments you made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year; in column C, enter payments you made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year; and, in column D, enter payments you made after the 15th day of the 9th month through the 15th day of the 12th month of your tax year.

Generally, a prior year's overpayment will be applied against the earliest installment unless the corporation instructs differently.

**Line 13** - If line 13 shows an underpayment, complete Part II to figure the penalty.

## Part II Figuring the penalty

Complete lines 15 through 18 to determine the amount of the penalty.

**Line 15** - A payment of estimated tax is applied against underpayments of required installments in the order in which such installments are required to be paid, regardless of which installment the payment pertains to. For example, a corporation has an underpayment for the April 15th installment of \$1,000. The June 15th installment requires a payment of \$2,000. On June 10, the corporation deposits \$2,000 to cover the June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is figured to June 10 (56

days). The underpayment for the June 15 installment will then be \$1,000.

If the corporation has made more than one payment for a required installment, attach a separate computation for each payment.

Please note that, for taxable years beginning after December 31, 1999, there is assessed a 12% a year underpayment interest penalty (15-31-510, MCA). The interest penalty rate remains at 20% a year for taxable years beginning before December 31, 1999.

## Instructions for Worksheets

### Annualized Income Installment Method

**Note Annualization Periods.** Taxpayers have three annualization period options to choose from. Taxpayers can use option (1) lines 1 through 3; option (2) lines 4 through 6; or option (3) a combination of options (1) and (2). If the taxpayer chooses option (3) complete lines 1 through 6 and use the lesser of lines 3 or 6 on line 7.

**Line 9** - Enter the credits to which you are entitled because of events that

occurred during the months shown in the column headings used to figure annualized taxable income.

**Line 13** - Before completing line 13 in columns (b) through (d), you must complete line 14; part II (if applicable); and lines 36 through 41, in each of preceding columns. For example, you must complete line 14, lines 15 through 35 (if you use the adjusted seasonal installment method), and lines 36 through 41, in column (a) before you can complete line 13 in column (b).

### Adjusted Seasonal Installment Method

Do not complete this part unless the corporation's base period percentage for any six consecutive months of the tax year equals or exceeds 70%. The term "base period percentage" for any of six consecutive months is the average of the three percentages figured by dividing the taxable income for the corresponding six consecutive month period in each of the three preceding tax years by the taxable income for each of their respective tax years.

Example: An amusement park that has a calendar year as its tax year receives the largest part of its taxable income during the six-month period from May to October. To compute its base period percentage for the period May through October, it must figure its taxable income for each May through October for each of the three preceding tax years. The taxable income for

each May through October period is then divided by the total taxable income for the tax year in which the period is included, resulting in the following quotients: .69 for the third preceding year; .74 for the second preceding year, and .67 for the first preceding year. Since the average of .69; .74; and .67 is .70, the base period for May through October of the current year is 70%. Therefore, the amusement park qualifies for the adjusted seasonal installment method.

**Line 31** - Enter the credits to which you are entitled because of events that occurred during the months shown in column headings above line 15.

**Line 34** - Before completing line 34 in columns (b) through (d), you must complete lines 36 through 41 in each of the preceding columns. For example, you must complete lines 36 through 41 in column (a) before you can complete line 34 in column (b).



**Annualized Income Installment Method Worksheet (15-31-502, MCA)**

**Part I**

|     |   | a.             | b.             | c.             | d.              |         |
|-----|---|----------------|----------------|----------------|-----------------|---------|
|     |   | Period         |                |                |                 |         |
|     |   | First 3 months | First 3 months | First 6 months | First 9 months  |         |
| 1.  | Enter your taxable income for each period   | 1.             |                |                |                 |         |
| 2.  | Annualization amounts   | 2.             | 4              | 4              | 2               | 1.33333 |
| 3.  | Multiply line 1 by line 2   | 3.             |                |                |                 |         |
|     |   | Period         |                |                |                 |         |
|     |   | First 3 months | First 5 months | First 8 months | First 11 months |         |
| 4.  | Enter your taxable income for each period   | 4.             |                |                |                 |         |
| 5.  | Annualization amounts   | 5.             | 4              | 2.4            | 1.5             | 1.09091 |
| 6.  | Multiply line 4 by line 5   | 6.             |                |                |                 |         |
| 7.  | Annualized taxable income. In columns (a) through (d) enter the following three options (see instructions): option (1) the amounts in each column on line 3; option (2) the amounts in each column on line 6; option (3) the lesser of the amounts in each column, line 3 or 6. | 7.             |                |                |                 |         |
| 8.  | Figure your tax on the amount in each column on line 7 based upon current tax rates   | 8.             |                |                |                 |         |
| 9.  | For each period, enter the amount of any credits per line 12 of Form CLT-4  | 9.             |                |                |                 |         |
| 10. | Total tax after credits. Subtract line 9 from line 8. If less than zero, enter zero   | 10.            |                |                |                 |         |
| 11. | Applicable percentage   | 11.            | 20%            | 40%            | 60%             | 80%     |
| 12. | Multiply line 10 times line 11  | 12.            |                |                |                 |         |

**Complete lines 13 through 41 for one column before completing the next column.**

|     |   |     |  |  |  |
|-----|---|-----|--|--|--|
| 13. | Enter the combined amounts of all previous columns on line 41 {i.e. - add column A & B, line 41, enter in column C} | 13. |  |  |  |
| 14. | Subtract line 13 from line 12. If less than zero, enter zero  | 14. |  |  |  |

**Adjusted Seasonal Installment Method Worksheet (15-31-502, MCA)**

**Part II Caution:** You may use this method only if the base period percentage for any 6 consecutive months is at least 70%

(See instructions for more information.)

|     |  | a.             | b.             | c.             | d.              |
|-----|--|----------------|----------------|----------------|-----------------|
|     |  | Period         |                |                |                 |
|     |  | First 3 months | First 5 months | First 8 months | First 11 months |
| 15. | Enter your taxable income for the following periods:                               |                |                |                |                 |
| a.  | Third preceding taxable year   | 15a.           |                |                |                 |
| b.  | Second preceding taxable year  | 15b.           |                |                |                 |
| c.  | First preceding taxable year   | 15c.           |                |                |                 |
| 16. | Enter your taxable income for each period for your current taxable year            | 16.            |                |                |                 |
|     |  | Period         |                |                |                 |
|     |  | First 4 months | First 6 months | First 9 months | Entire year     |
| 17. | Enter your taxable income for the following periods:                               |                |                |                |                 |
| a.  | Third preceding taxable year   | 17a.           |                |                |                 |
| b.  | Second preceding taxable year  | 17b.           |                |                |                 |
| c.  | First preceding taxable year   | 17c.           |                |                |                 |
| 18. | Divide the amount in each column on line 15a by the amount in column D on line 17a | 18.            |                |                |                 |
| 19. | Divide the amount in each column on line 15b by the amount in column D on line 17b | 19.            |                |                |                 |

|  |     | Period         |                |                |             |
|--|-----|----------------|----------------|----------------|-------------|
|  |     | First 4 months | First 6 months | First 9 months | Entire year |
| 20. Divide the amount in each column on line 15c by the amount in column D on line 17c.  | 20. |                |                |                |             |
| 21. Add lines 18 through 20.   | 21. |                |                |                |             |
| 22. Base period percentage for months before filing month. Divide line 21 by three (3).  | 22. |                |                |                |             |
| 23. Divide line 16 by line 22.   | 23. |                |                |                |             |
| 24. Figure your tax on the amount on line 23.  | 24. |                |                |                |             |
| 25. Divide the amount in columns A through C on line 17a by the amount in column D on line 17a.  | 25. |                |                |                |             |
| 26. Divide the amount in columns A through C on line 17b by the amount in column D on line 17b.  | 26. |                |                |                |             |
| 27. Divide the amount in columns A through C on line 17c by the amount in column D on line 17c.  | 27. |                |                |                |             |
| 28. Add lines 25 through 27.   | 28. |                |                |                |             |
| 29. Base period percentage for months through and including filing month. Divide line 28 by three (3).   | 29. |                |                |                |             |
| 30. Multiply the amount in column A through C of line 24 by the amount in the corresponding column of line 29. In column D, enter the amount from line 24, column D. | 30. |                |                |                |             |
| 31. For each period, enter the same type of credits as on Form CLT-4-UT, line 2 (see instructions).  | 31. |                |                |                |             |
| 32. Total tax after credits. Subtract line 31 from line 30. If less than zero, enter zero.   | 32. |                |                |                |             |
| 33. Multiply line 32 by 80%.   | 33. |                |                |                |             |

**Complete lines 22 through 27 for one column before completing the next column.**

|   |     |  |  |  |  |
|---|-----|--|--|--|--|
| 34. Enter the combined amounts of all previous columns on line 41 (i.e. - add column A & B line 41, enter in column C). | 34. |  |  |  |  |
| 35. Subtract line 34 from line 33. If less than zero, enter zero.   | 35. |  |  |  |  |

| <b>Part III</b> Computation of required installments   |     | 1st Installment | 2st Installment | 3rd Installment | 4th Installment |
|--|-----|-----------------|-----------------|-----------------|-----------------|
| 36. If you completed one of the above parts, enter the amounts from line 14 or line 35. (If you completed both parts, enter the lesser of the amounts in each column from line 14 or line 35). | 36. |                 |                 |                 |                 |
| 37. Divide line 4c, Form CLT-4-UT, by four (4) and enter the result in each column.  | 37. |                 |                 |                 |                 |
| 38. Enter the amount from line 40 of this worksheet for the preceding column.  | 38. |                 |                 |                 |                 |
| 39. Add lines 37 and 38 and enter total.   | 39. |                 |                 |                 |                 |
| 40. If line 39 is more than line 36, subtract line 36 from line 39. Otherwise enter zero.  | 40. |                 |                 |                 |                 |
| 41. Enter the lesser of line 36 or line 39 here and on Form CLT-4-UT, line 6.  | 41. |                 |                 |                 |                 |



# Dependent Care Assistance Credit

MONTANA  
DCAC  
Rev. 8-02

Name: \_\_\_\_\_ SSN # or FEIN \_\_\_\_\_

Note: An employer may be entitled to all three credits.

## Day-care Facilities Credit

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

- |  |          |
|--|----------|
| 1. Number of dependents facility is designed to accommodate  | 1. _____ |
| 2. Take \$2,500 times the amount on line 1   | 2. _____ |
| 3. Cost of acquisition, construction, reconstruction, renovation,<br>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. Line 5 divided by ten (you are entitled to only 1/10 <sup>th</sup> of the credit yearly).                                       | 6. _____ |
| 7. Enter carryforward amounts (excess annual credit over tax liability).   | 7. _____ |
| 8. Add line 6 and line 7   | 8. _____ |

Note: 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)

Any excess credit not used the first year may be carried forward for five years. It may not be carried back.

- |   |           |
|---|-----------|
| 9. Enter total amount of dependent care assistance you furnished your employees.                            | 9. _____  |
| 10. Enter total number of employees to whom this service was furnished.                                     | 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. _____ |

## 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. _____ |

- |   |           |
|---|-----------|
| 16. Add Line 8, Line 13, and Line 15 and enter combined total on line 16.<br>This is your combined Dependent Care Assistance Credit<br>(Individual Income Tax – Enter this amount on Form 2A, Schedule II ).<br>(Corporation License Tax – Enter this amount on Form CLT4, Schedule C). | 16. _____ |
|---|-----------|

Note: This credit can not be larger than your tax liability

## 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 placed in operation 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:

- The services were not performed within Montana, or
- The amount of dependent care assistance is paid pursuant to a salary reduction plan, or
- The 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.



## College Contribution Credit

Name as shown of Form CLT-4

Federal Employer's Number

Donation(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 Schedule C, line 5, Form CLT-4.

---

### 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 Montana private colleges or their foundation.
- Deductible contributions may also be claimed as an itemized deduction for individuals and 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.

Note: The specialized college license plate amount can no longer 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:

**Special Instructions** - The credit may not exceed either the individual's income or corporation's tax liability or \$500. The credit may not be carried back or carried forward and must be applied in the year the donation is made.

Attach this form to your return



### Disability Insurance For Uninsured Montanans Credit

Credit available to certain employers who make disability insurance available to employees

15-30-129 and 15-31-132, MCA

Instructions on back

|   |       |
|---|-------|
| Name (as shown on Form 2 for Individuals and Form CLT-4 for Corporations) | FEIN: |
|---|-------|

**Part I**

- Have you been in business in Montana for at least 12 months? \_\_\_\_\_Yes \_\_\_\_\_No
  - Do you employ 20 or fewer employees working at least 20 hours per week? \_\_\_\_\_Yes \_\_\_\_\_No
  - Do you pay at least 50% of each Montana employee's insurance premium? \_\_\_\_\_Yes \_\_\_\_\_No
- If you answer no to any of the above questions, do not complete this form. You do not qualify for the credit.

**Part II**

The credit is limited to a maximum of 10 employees.

|     | Employee<br>Column 5 | Column 1<br>Monthly<br>Premium<br>Amount | Column 2<br>% of<br>Premiums<br>Paid by<br>Employer | Column 3<br>\$25 | Column 4<br>Multiply<br>Column 2 X | Column 5<br>Number of<br>Months Each<br>Employee<br>Column 3 | Column 6<br>Multiply<br>Column 1 X<br>Insured | Column 7<br>Multiply<br>Column 4 X<br>Column 5 |
|-----|----------------------|--|---|------------------|------------------------------------|--|---|--|
| 1.  |                      |  |   | \$25             |                                    |  |   |  |
| 2.  |                      |  |   | \$25             |                                    |  |   |  |
| 3.  |                      |  |   | \$25             |                                    |  |   |  |
| 4.  |                      |  |   | \$25             |                                    |  |   |  |
| 5.  |                      |  |   | \$25             |                                    |  |   |  |
| 6.  |                      |  |   | \$25             |                                    |  |   |  |
| 7.  |                      |  |   | \$25             |                                    |  |   |  |
| 8.  |                      |  |   | \$25             |                                    |  |   |  |
| 9.  |                      |  |   | \$25             |                                    |  |   |  |
| 10. |                      |  |   | \$25             |                                    |  |   |  |

Total

1. Multiply total of column 6 by 50% (.50)..... \$ \_\_\_\_\_
2. Enter total from column 7..... \$ \_\_\_\_\_
3. Enter the smaller of line 1 or line 2. This is your credit.. For individuals enter this amount on Form 2A, Schedule II. For corporations enter this amount on Form CLT-4, Schedule C..... \$ \_\_\_\_\_

Attach a copy of this form to your return

## Special Instructions

- This credit applies to disability insurance as defined in 33-1-207, MCA.

**Disability insurance.** Disability insurance, including credit disability insurance, is insurance of human beings:

- against bodily injury, disablement, or death by accident or accidental means or the medical expense or indemnity involved; or
- against disablement or medical expense or indemnity resulting from sickness.

Transactions of disability insurance does not include workers' compensation insurance.

- Disability insurance in Montana includes, in general terms, any insurance plan offered by an insurance company that provides such coverage as, personal health, disablement, death, medical expenses or indemnity of such, to a human being. Workers' compensation is not considered disability insurance.
- To qualify for this credit the business must:
  - be located in Montana
  - be in existence for at least 12 months
  - employ no more than 20 employees working at least 20 hours a week
  - pay at least 50% of each employee's insurance premiums
- If you are claiming this credit you may be asked by the department of revenue to provide documentation from your insurance company that the premiums meet the qualifications of the Small Employer Health Insurance Availability Act.
- The credit allowed cannot be carried back or forward. The credit may only be used to offset tax liability.
- Premiums paid 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 credit may not be claimed for a period of more than 36 consecutive months and cannot be granted to an employer or its successor within 10 years of the last consecutive credit claimed.
- Non-taxable distributions are distributions not excluded from adjusted gross income in the year of the deposit, or distributions which have already been taxed if not distributed within the 5 year eligibility period.



# Recycle Credit/Deduction

15-32-602 and 15-32-610, MCA  
Attach to your return

**MONTANA**  
RCYL-CT  
Rev. 10-02

Credits available to certain individuals, corporations, partnerships and small business corporations

**Note:** This form is to be used only for Montana Corporation License Tax.

Name as shown on Form CLT-4:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FEIN: \_\_\_\_\_

Business Name if different from above: \_\_\_\_\_

Check one:  C Corporation  
 S Corporation

**Part I**

|   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 1. Was the qualifying machinery/equipment purchased on or after the first day of the current taxable year and before the last day of the current taxable year?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| If you answer no to question #1, <b>stop here</b> , you do not qualify.   |                          |                          |
| 2. Is the machinery/equipment used in Montana primarily for collecting or processing reclaimable material?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the machinery/equipment used in Montana primarily to manufacture finished products from reclaimed materials?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is the machinery/equipment used to treat soil contaminated by hazardous wastes?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| NOTE: #4 can only be claimed on machinery/equipment used to treat soil contaminated by hazardous wastes for tax years beginning and to depreciable property purchased after December 31, 1995. (15-32-603, MCA) |                          |                          |
| 5. Was the machinery/equipment located and operating in Montana on the last day of the taxable year for which the credit is claimed?.....   | <input type="checkbox"/> | <input type="checkbox"/> |
| If you answer no to questions #2, #3, and #4 or no to question #5, do not complete this form, you do not qualify for the credit.  |                          |                          |

**Part II - For Equipment Used in Montana**

- Type & purpose of equipment \_\_\_\_\_
- Date of Purchase \_\_\_\_\_ (Please provide copy of sales receipt)
- Cost of Equipment (The total cost of equipment in Part II and Part III may not exceed \$1,000,000).....\$ \_\_\_\_\_
- Computation of Credit (multiply the cost of the equipment by the following percentages):
 

|                                     |          |
|-------------------------------------|----------|
| Multiply the first \$250,000 by 25% | _____    |
| Multiply the next \$250,000 by 15%  | _____    |
| Multiply the next \$500,000 by 5%   | _____    |
| <b>Total Credit</b> .....           | \$ _____ |

**Part III - For qualifying specialized mobile equipment used in and out of Montana**

- Type & purpose of equipment \_\_\_\_\_
- Date of Purchase \_\_\_\_\_ (Please provide copy of sales receipt)
- Cost of Equipment (The total cost of equipment in Part II and Part III may not exceed \$1,000,000).....\$ \_\_\_\_\_
- Number of days used in Montana \_\_\_\_\_
- Total days used for the year \_\_\_\_\_
- Divide amount on Line 8 by amount on Line 9. \_\_\_\_\_ %
- Computation of Credit:
 

|  |          |
|--|----------|
| Multiply the ratio on line 10 by 25% then multiply the first \$250,000 of line 7 | _____    |
| Multiply the ratio on line 10 by 15% then multiply the next \$250,000 of line 7  | _____    |
| Multiply the ratio on line 10 by 5% then multiply the next \$500,000 of line 7   | _____    |
| <b>Total Credit</b> .....  | \$ _____ |
- Total Credit Available** (Amount from Part II, Line 4 and/or Part III, Line 11) Enter this amount on Schedule C, Line 7, Form CLT-4.....\$ \_\_\_\_\_

**Part IV - Additional deduction for purchase of recycled materials**

- Type of recycled material purchased \_\_\_\_\_
- Cost of recycled material.....\$ \_\_\_\_\_
- Multiply the amount on line 2 by 10% (.10) and enter the results here. This is the amount of your additional deduction. Enter on Line 3c, Form CLT-4.....\$ \_\_\_\_\_

**Amount of Credit May Not Exceed Tax Liability**



## Definitions

“Collect” is the collection and delivery of reclaimable materials to a recycling or reclaimable materials processing facility.

“Machinery or Equipment” is property having a depreciable life of more than one year whose primary purpose is to collect or process reclaimable material, or to manufacture a product from reclaimed material; or is depreciable property used to treat soil contaminated by hazardous wastes.

“Reclaimable Material” is (i) material that has useful physical or chemical properties after serving a specific purpose and that is normally disposed of as solid waste, as defined in 75-10-203 of the Montana Code Annotated (MCA), by a consumer, processor or manufacturer; or (ii) soil that has been contaminated by hazardous wastes to the extent that treatment of those wastes is required as defined in 75-10-403, MCA.

“Recycled Material” is a substance that is produced from reclaimed material as provided in 15-32-609, MCA and defined under the Administrative Rules of Montana (ARM), §42.15.507.

Reclaimed material collected, processed or used to manufacture a product may not be an industrial waste generated by the person claiming the tax credit unless:

- the person generating the waste historically has disposed of the waste onsite or in a licensed landfill; and
- standard industrial practice has not generally included the reuse of the waste in the manufacturing process.

The tax credit is available only for the acquisition of machinery and/or equipment that is depreciable (Defined in IRS Code Section 167). The machinery and/or equipment must be used in Montana primarily for the collection or processing of reclaimable material or in the manufacture of finished products from reclaimed material or to treat soils contaminated by hazardous wastes. The credit only applies to property that actually treats contaminated soil and not to auxiliary property.

Absent a specific agreement to the contrary, the owners of a small business corporation must pro-rate the credit using the shareholder’s pro rata share of the corporation’s cost of the equipment.

The credit is limited to the amount of the taxpayer’s corporation tax liability. Any excess credit is not refundable, nor can it be carried back or forward to other years.



# Alternative Energy Production Credit

**MONTANA**  
**AEPC**  
 Rev. 8-02

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..... 2. \_\_\_\_\_
3. Enter amount of federal wind energy credit claimed..... 3. \_\_\_\_\_
4. Montana taxable income (Individuals-Form 2, Line 41; Corporations Form CLT-4, Line 9)..... 4. \_\_\_\_\_
5. Enter either adjusted gross income attributable to eligible alternative energy equipment (if filing a Montana Individual Income Tax return) or net income attributable to eligible alternative energy equipment (if filing Montana Corporation License Tax return) \*If the alternative energy production income is from a business, a portion of which qualifies and a portion which does, the allocation schedule below must be used to calculate this line..... 5. \_\_\_\_\_
6. Subtract line 5 from line 4..... 6. \_\_\_\_\_
7. Enter total tax as shown on return (Individuals-Form 2, Line 42; Corporations Form CLT-4, Line 10)..... 7. \_\_\_\_\_
8. Calculate tax amount on line 6, (Individual use tax table; Corporations use 6.75%)..... 8. \_\_\_\_\_
9. Subtract line 8 from line 7 to calculate income tax attributable to alternative energy production. .... 9. \_\_\_\_\_
10. Enter 35% (.35) of line 2 to calculate Montana alternative energy system credit; Include carryforward amount \$ \_\_\_\_\_ from previous years in line 10 total. See instructions for further carryforward information..... 10. \_\_\_\_\_
11. Enter 60% (.60) of line 2..... 11. \_\_\_\_\_
12. Enter amount of federal wind energy credit from line 3 above..... 12. \_\_\_\_\_
13. Subtract line 12 from line 11..... 13. \_\_\_\_\_
14. Allowable credit for this tax year - the lesser of line 9, line 10 or line 13. Enter here and on Form 2A, Schedule II for individuals; Form CLT-4, Schedule C for Corporations. \*See instructions for definition of certain taxpayers whose credit is the lesser of line 9 or 10..... 14. \_\_\_\_\_

| <b>Income Allocation Schedule</b>  |  | <b>c. Factor</b>                |         |
|--|--|---------------------------------|---------|
| <b>a. Total</b>  | <b>b. Montana</b>                            | <b>(b) divided by (a) = (c)</b> |         |
| a. Business Property \$ _____  | Alternative Energy Related Property \$ _____ | _____                           | _____ % |
| b. Business Payroll \$ _____   | Alternative Energy Related Payroll \$ _____  | _____                           | _____ % |
| c. Business Sales \$ _____   | Alternative Energy Related Sales \$ _____    | _____                           | _____ % |
| d. Sum of Factors (Lines 1, 2, & 3).....   |  | _____                           | _____ % |
| e. One third of line 4.....  |  | _____                           | _____ % |
| f. For Individuals enter adjusted gross income from business; Corporations enter the net income from line 9, Form CLT-4..... |  | \$ _____                        |         |
| g. Allocated alternative energy production income (Line f times line e. Enter here and on line 5 above. ....                 |  | \$ _____                        |         |

Attach this form to your return

## 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
  - 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.
  - 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

- Invests in a commercial system located on state trust land;
- Signs a lease agreement with the state to make annual lease payments to the permanent school trust fund; and
- 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

- Invests in a commercial system located within the exterior boundaries of a Montana Indian reservation and which is 5 megawatts or larger;
- 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
- 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. 



# Affidavit of Corporate Inactivity

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 City, State, Zip + 4: \_\_\_\_\_  
 FEIN: \_\_\_\_\_  
 Contact Person; \_\_\_\_\_  
 Phone: \_\_\_\_\_

I, \_\_\_\_\_, an officer of the said corporation, being of lawful age,  
 being sworn on oath, deposes and says that I am acquainted with the affairs of the said  
 corporation (or a corporation registered to do business in Montana) existing under and by  
 virtue of the laws of the State of Montana;  
 and that the said Corporation had no income or business activities of any nature during the  
 calendar year \_\_\_\_\_ or fiscal year ending \_\_\_\_\_;  
 and that the said Corporation has been entirely inactive for \_\_\_\_\_ taxable periods  
 immediately preceding the date hereof;  
 and that if said Corporation does engage in business or have any income they will notify  
 the Department of filing a Montana Corporation License Tax return by the due date  
 prescribed in 15-31-111, MCA.

Subscribed and dated this \_\_\_\_\_ day of \_\_\_\_\_, year \_\_\_\_\_

\_\_\_\_\_  
Corporate Officer Title

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, year \_\_\_\_\_

(SEAL)

\_\_\_\_\_  
Notary Public

Residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_



# Montana

## Application to be Considered a Research and Development Firm

15-31-103, MCA

|                           |                             |
|---------------------------|-----------------------------|
| Please Type or Print      |                             |
| Name of Corporation       | Federal Employer's I.D. No. |
| Number and Street         | Date Inc./Qualified         |
| City, State, and Zip Code |                             |

Please check the appropriate box(es) regarding this application:

Corporate License Tax Exemption

Class 5 Property Class

**Part I**

Name and address of each officer of the research and development firm:

|  |  |
|--|--|
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

(Please attach a supplement if necessary.)

**Part II**

Please provide a detailed description of the corporation's research and development activities to be conducted in Montana (Note: Please refer to part A - No. 5 of the general instructions listed on the back of this page and incorporate the required information.)

|  |
|--|
|  |
|  |
|  |
|  |

(Please attach a supplement if necessary.)

## General Instructions

### Filing Application

- The application must be filed with the department before the end of the first calendar quarter during which the research and development firm engages in business in Montana.
- On receipt of this form, provided that it was filed in the time allowed, the department shall designate the applicant as a research and development firm. A letter will be sent from the department confirming this designation.
- Failure by an applicant to properly complete the form or failure to file in the time allowed automatically disqualifies the applicant from being designated and treated as a research and development firm.
- The director of the department may grant an extension of time for an applicant to file an application for treatment as a research and development firm, provided the extension is given in writing and the extension does not extend beyond 30 days from the date the application was required to be filed.
- ARM Section 42.23.115 states that in order for a firm to qualify as a research and development firm, over 50% of the real and tangible personal property located in Montana and 50% of its Montana Payroll must be directly related to research and development activities.

### Exemption from taxation - Section 15-31-103, MCA

- A research and development firm organized to engage in business in the state of Montana for the first time is not subject to any of the taxes imposed on net income earned from research and development activities during its first five (5) taxable years of activity in Montana. The “taxable year” means a research and development firm’s taxable year for federal income tax purposes.
- For the purpose of calculating or otherwise determining the period for which a deduction, exclusion, exemption, or credit may be taken, the department shall disregard a research and development firm’s first five (5) taxable years of activity in Montana and administer the deduction, exclusion, exemption, or credit as if the corporation did not exist during those taxable years. This treatment of a research and development firm extends to net operating loss carryback and net operating loss carryforward provisions.

### Exemption from taxation - Section 15-6-135, MCA

- When qualified as a research and development firm, all land and improvements and all personal property owned by the research and development firm are determined to be “class five property” for purposes of property tax classification.
- To qualify for the class five property classification, a firm must file this form annually with the department on or before January 1 of the year for which the classification is desired. The department, through its natural resource and corporation tax division, will certify the eligibility of firms for the class five research and development property classification.



# Certificate Request

| Type of certificate requested  |  |  |   |   |
|--|--|--|---|---|
| <input type="checkbox"/> <b>Title 15</b><br>Suspended with SOS<br>necessary to reinstate | <input type="checkbox"/> <b>Dissolution/Withdrawal</b><br>To withdraw/dissolve<br>with SOS | <input type="checkbox"/> <b>Good Standing</b><br>To show taxes are current | <input type="checkbox"/> <b>Reinstatement</b><br>Suspended with DOR<br>necessary to reinstate | <input type="checkbox"/> <b>TCC</b><br>Verifies that<br>final return<br>was filed |

Corporation Name \_\_\_\_\_

Federal ID Number \_\_\_\_\_

Filing combined?    yes \_\_\_ no \_\_\_ Parent name if applicable \_\_\_\_\_

Parent FEIN \_\_\_\_\_

Corporation files as a limited liability or partnership?    yes \_\_\_ no \_\_\_

Nonprofit?    yes \_\_\_ no \_\_\_ Corporation must qualify for tax exempt status prior to receiving certificate.  
(See instructions)

Corporation is:        Withdrawing \_\_\_    Dissolving \_\_\_    Merging \_\_\_    Reinstating \_\_\_

If merger - name of surviving corporation and FEIN: \_\_\_\_\_

Our organization will need an assumption of liability faxed to: \_\_\_\_\_

Address for certificate to be sent:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Request that the Certificate be sent directly to the Secretary of State.

Please note: In order for the Certificate to be sent directly to the Secretary of State, all necessary paperwork must first be filed with their office;

Date of Request: \_\_\_\_\_

Signature of Officer: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

Send or fax request to: Montana Department of Revenue

Montana Department of Revenue  
Attn: Certificates  
PO Box 5805  
Helena, MT 59604-5805

Phone: (406) 444-6900  
Fax: (406) 444-2900

For Office Use Only:

## Certificate Instructions

To obtain a certificate from the Montana Department of Revenue:

All requests must be in writing and signed by an officer of the corporation or a representative having Power of Attorney. The following information must be supplied:

- Corporation name
- Federal Identification Number
- Parent name and FEIN, if filing on a combined basis in Montana
- Incorporation date and state of incorporation
- Whether corporation is reinstating, withdrawing, dissolving or merging and the applicable date
- Name, address and phone number of a contact person for correspondence

If the filing of tax returns is necessary before a certificate can be issued, please submit copies of these returns along with your certificate request form. This will expedite the process.

If your organization has registered as a non-profit organization with the Secretary of State but has not yet qualified for tax-exempt status with the Department of Revenue, the following information needs to be filed in order for your organization to establish tax-exempt status and to subsequently receive any certificate:

An affidavit stating the purpose of the organization, articles of incorporation, by-laws, financial statements, and a copy of the IRS letter granting federal tax-exempt status if available.

**Title 15 Certificate (T-15)** – To reinstate the corporation with the Secretary of State, all tax returns must be submitted and all taxes paid prior to issuing a certificate. In the event that there was no activity, the corporation can file an Affidavit of Corporate Inactivity.

**Certificate of Reinstatement** – If the Department of Revenue, rather than the Secretary of State, suspended your organization, you will need to request a Certificate of Reinstatement as well as a Title-15 Certificate.

**Dissolution/Withdrawal Certificate (DWC)** – For purposes for voluntary withdrawal or dissolution with the Secretary of State, Section 15-31-552, MCA provides for a DWC. This certificate verifies that the corporation has filed all applicable returns and has paid all taxes owing the state of Montana up to the date of request for dissolution or withdrawal. The corporation remains responsible for the filing of a final return upon its withdrawal or dissolution (see TCC below).

**Note:** There are no fees charged for any certificate. Upon issuance, your organization will receive an original certificate along with a copy. Both of these certificates must be submitted to the Secretary of State, Business Services Bureau.

Secretary of State  
Business Services Bureau  
P.O. Box 202801  
Helena, MT 59620-2801

Phone (406) 444-3665

**Tax Clearance Certificate (TCC)** – At the time of final withdrawal or dissolution, the Department of Revenue upon request, will furnish to a corporation a TCC verifying that the corporation has filed all applicable returns and that all taxes have been paid through and including the corporation's final year of existence in Montana. This certificate is not required to be filed with the Secretary of State.

**Good Standing Certificate** – Upon request by the taxpayer, a Good Standing Certificate is available from the Department which will serve as confirmation that the corporation has filed all returns and paid all taxes. This certificate is not required to be filed with the Secretary of State.





## Assumption of Tax Liability

In the matter of the Assumption of Tax Liability of

\_\_\_\_\_ a corporation, by  
\_\_\_\_\_ a corporation

\*\*\*\*

\_\_\_\_\_ a corporation incorporated in the State of  
\_\_\_\_\_ and qualified to do business within the State of Montana  
hereby unconditionally agree to file or cause to be filed with the State Department of  
Revenue such returns and data may be required of \_\_\_\_\_, a  
corporation organized under the laws of the State of \_\_\_\_\_, that  
said \_\_\_\_\_ does hereby agrees to pay, in full, all accrued or ac-  
cruing liabilities for tax penalty or interest thereon of \_\_\_\_\_ to  
the State Department of Revenue under the provisions of Title 84 of the revised Code of  
Montana.

\_\_\_\_\_ (assuming corporation)

by \_\_\_\_\_ (officer)

\_\_\_\_\_ (title)

State of )

County of )

\_\_\_\_\_ being first duly sworn, on oath de-  
poses and says: That he is the \_\_\_\_\_ of \_\_\_\_\_ foregoing instru-  
ment, and the officer of said corporation who signed the name of said instrument, as  
aforesaid, affiant had full power and authority to execute such instrument on behalf of said  
corporation and to bind said corporation to carry out each, every and all of the terms,  
conditions, obligations, and undertakings recited and set forth therein.

By \_\_\_\_\_

\_\_\_\_\_ Title

Notary Public Seal



State of Montana  
Department of Revenue

Application and Affidavit for Certification and Approval of Mineral  
Exploration Incentive Credits  
Authorized Under 15-32-504, MCA

(Instructions Attached)

Application for the year ended December 31, \_\_\_\_\_

Due Date: This application form must be submitted no later than 60 days after the close of the calendar year.

Name of Applicant: \_\_\_\_\_

Address of Applicant: \_\_\_\_\_

Project Name (if any): \_\_\_\_\_

Project Area (for general reference purposes): \_\_\_\_\_

Total Amount of Exploration Incentive Credit Costs from Line 9, Part D, of this Application: \$ \_\_\_\_\_

**Part A**

Specific Activities for which Costs may be Taken: An exploration incentive credit may be requested for the eligible costs for each of the following mineral exploration activities that are performed for the purpose of determining the existence, location, extent or quality of a locatable or leasable mineral or coal deposit regardless of whether the land is state-owned land:

- surveying by geophysical or geochemical methods;
- drilling exploration holes;
- conducting underground exploration;
- surface trenching and bulk sampling;
- performing other exploratory work, including aerial photographs, geological and geophysical logging, sample analysis and metallurgical testing.

**Part B**

If a deposit has been established to exist, what is the location of the prospect/mineral property for which credit will be applied? (List all Meridians, Townships, Ranges and Sections)

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List Claim Names and/or ADU/Serial #s for above prospect or mineral property and when the mineral rights to these locations were acquired:

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### Part C

1. To your knowledge, has mining ever occurred on the above property? (Check One)

- Yes     No     Maybe

2. Please describe all existing improvements located on prospect/mineral property such as Mine Cuts, Camps, Wash Plants, Mill Facilities, Airstrips, Roads, etc.: (Attach additional sheets if necessary)

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3. If this application is for a previous mine, please indicate the date that the mine was shut down: (Month/Year)

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4. To your knowledge, has an Affidavit of Initial Production ever been filed for this property? (Check One)

- Yes     No     Maybe     Unknown

5. Date of initial production as indicated on affidavit: (Indicate Month and Year) \_\_\_\_\_

6. Indicate final date (Month and Year) that title and mineral rights to prospect/mineral property were acquired:

---

Check each of the following that apply:

- A – Land where prospect/mineral property is located is vacant/unappropriated state/federal land;
- B – Land where prospect/mineral property is located is claimed, leased or patented by applicant;
- C – Land where prospect/mineral property is located is claimed, leased, patent, or private land to which the applicant has acquired the mineral/mining rights.

7a. Do you as applicant have all permits that a reasonable and prudent person would consider necessary to commence construction of a mine.  Yes     No (Please indicate) \_\_\_\_\_

7b. List all Permit Numbers, Issuing Agencies, Type of Permit, Date of any Permits, and Status of Permits Issued as of date of this application below: (Add supplemental sheets if necessary) (Include such permits as APMA Plan of Operation Approval, Reclamation Plan Approval, NPDES 401, Solid Waste, Air Quality, Wetlands 404 etc.)

| Permit | Agency Name | Type of Permit | Date of Permit | Status of Permit |
|--------|-------------|----------------|----------------|------------------|
| _____  | _____       | _____          | _____          | _____            |
| _____  | _____       | _____          | _____          | _____            |
| _____  | _____       | _____          | _____          | _____            |
| _____  | _____       | _____          | _____          | _____            |

8. Please provide description of minerals being sought by the exploration work claimed:

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9. Legal description of all areas for which this credit application is made: (Include all Meridians, Townships, Ranges and Sections.)

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## Part D

### Methodology for Breakdown of Exploration Costs Incurred (Cost Data) for Work Described Above and to Bring Mine into Production:

**Important Note:** This application requires providing a detailed list or ledger of the expense/cost breakdown as indicated below. Eligible costs mean the costs incurred for those five activities listed on Page 1 of this application. In calculating and listing the expenses below, you must indicate whether each expense listed was partially or fully attributable to one of the five categories of exploration activities listed above. These statements are subject to audit, so all receipts and/or canceled checks must be saved.

#### 1. Personnel Costs

Combined costs of salaries and benefits for personnel employed directly by applicant for one or more of the 5 activities listed in Part A relating to the area of legal description defined in question 9 part c. Direct labor costs must be supported by documentation of the employer's costs, date and time of performance, number of employees and duties performed by each employee whose cost is attributed to the exploration activity being claimed. Cost information must be attached and include the following:

These costs must be listed separately if they are being claimed.

Total Personnel Costs Claimed: \$ \_\_\_\_\_

#### 2. Transportation Costs

Transportation costs must be directly attributable to activities listed in Part A. Transportation costs must also include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. If business or person submitting this application provided some of their own transportation and these costs are being claimed, the same information as requested above must be provided.

Categories of Transportation are: a.) fixed-wing aircraft (charter), b.) helicopters, c.) commercial air service (scheduled), d.) boats/barges, e.) tracked, wheeled and snow machine vehicles, f.) surface and air freight.

Each of these transportation costs must be itemized and submitted in ledger format.

Total Transportation Costs Claimed: \$ \_\_\_\_\_

#### 3. Fuel Costs

Fuel costs, not included elsewhere, must include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format.

Total Fuel Costs Claimed: \$ \_\_\_\_\_

#### 4. Field Camp Costs

Camp costs and living expenses must include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format.

Total Field Camp Costs Claimed: \$ \_\_\_\_\_

#### 5. Communication Costs

Communications Costs must include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format.

Total Communication Costs Claimed: \$ \_\_\_\_\_

**6. Geochemical and Geophysical Costs**

Costs of geochemistry/geophysical programs including, but not limited to: a.) sample collection costs which are not included elsewhere (personnel/transportation - see above), b.) lease/purchase of geophysical/geochemical equipment.

Costs must also include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format.

Total Geochemical and Geophysical Costs Claimed: \$ \_\_\_\_\_

**7. Contractual Costs**

Contractual services, including but not limited to: a.) geochemical sample prep and analysis by commercial lab, b.) geophysical surveys by consultant, c.) drilling contracts, d.) heavy equipment contracts.

Contracts to provide for the permitting of exploration activities allowed.

Costs must include name and address of business providing services, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format.

Total Contractual Costs Claimed: \$ \_\_\_\_\_

**8. Miscellaneous/General Business Operating Costs**

Miscellaneous costs, including but not limited to: a.) aerial photography, b.) consultant fees, c.) costs of developing access or additional access, d.) general business operating costs (not including personnel) that are directly attributable to activities listed in Part A.

Above costs must also include name and address of business providing services, names of all consultants used, legal description or geographic location of where services were provided, as well as dates services were provided. Costs must be itemized and submitted in ledger format. For general business expenses, a detailed expense ledger or breakdown fully documenting that the expense is directly attributable to the activities in Part A must be submitted, otherwise the expenses will not be allowed.

Total Miscellaneous Costs Claimed: \$ \_\_\_\_\_

**9. Total Amount of Exploration Incentive Credit Costs: (Items 1-8 above)**

**Total Costs: \$ \_\_\_\_\_**



## Part F

I am, or am the representative for: (Check the one that applies)

- 1 – a partnership qualified to do business in the state;
- 2 – a corporation qualified to do business in the state;
- 3 – a limited liability company qualified to do business in the state;
- 4 – other; please explain \_\_\_\_\_

## Part G

Affiant's (Applicant's) Signature: I, \_\_\_\_\_, swear under penalty of perjury that the foregoing and all attachments are true.

X \_\_\_\_\_ (Signature of Affiant)

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Signature of Notary \_\_\_\_\_

My Commission Expires \_\_\_\_\_

## Part H

Signature and Date for Certifying Expenditures:

\_\_\_\_\_  
(Name and Title) (Date)

Signature and Date for Not Certifying Expenditures: (See separate letter for reasons of denial and remedy)

\_\_\_\_\_  
(Name and Title) (Date)

## Part I

Date of Delivery of Data Above, and Request for Approval of Taking Credit: \_\_\_\_\_  
(Month/Year)

Approval or Disapproval of Taking Credit:

I Approve: \_\_\_\_\_  
(Name and Title)

I Disapprove: \_\_\_\_\_ (See separate letter for reasons of denial and remedy)  
(Name and Title)

**State of Montana**  
**Department of Revenue**  
**Application and Affidavit for Certification and Approval of Mineral**  
**Exploration Incentives Credits**  
**Authorized Under 15-32-501, MCA**  
General Instructions

**Part A**

This part of the application form lists 5 categories of exploration activities for which exploration incentive credits may be granted. All exploration cost data which you must provide under Part D of this application will be examined to see if the cost is directly attributable to the allowed activities and therefore eligible as a credit.

**Part B**

Please provide the information requested. The legal description for the prospect/mineral property and the mining claim serial numbers and names are necessary.

**Part C**

Exploration incentive credits will only be granted for costs related to exploration activity that occurs before the mine construction commencement date of a new mine and for a mine that previously operated, but ceased to operate and for which all previous mining approvals have expired. Based on the information provided in this section and other information the State of Montana has in its records or obtains, the state will decide if expenditures qualify for credit.

- Question 1. Please indicate whether mining has ever occurred on the prospect/mineral property.
- Question 2. Please describe in detail all existing improvements made or located on prospect/mineral property. Photographs, maps and diagrams would be helpful.
- Question 3. Please indicate to the best of your ability.
- Question 4. Please indicate to the best of your ability
- Question 5. Please indicate to the best of your ability
- Question 6. Do you have the mineral rights or right to mine the prospect/mineral property? Indicate by answering yes or no, and indicate date those rights were acquired. If there is more than one date (such as several mining claims with different posting dates), indicate latest date rights were acquired (such as latest posting date in that instance). Also check whether the land where the prospect/mineral property is located is a.) vacant/unappropriated state or federal land open to mineral entry; b.) claims, leases, patents, or other private lands for which you have the mineral rights; or c.) claims, leases, patents or other private lands for which you acquired the mineral rights. Credits can be transferred, but you must either own the property or have the mineral rights before they can be certified.
- Question 7. List all permits and the information requested as of the date of this application. Include exploration permits, access permits, mine permits, etc.
- Question 8. Indicate whether placer or lode, precious metal versus base metal, coal, dimensional stone, etc.
- Question 9. Include legal description for all areas where exploration activities for costs included in this application are made.

**Part D**

Costs, which are eligible under this section, must be directly attributable to those exploration activities allowed in Part



A. Generally, the cost of exploration activities performed for you under contract is the price specified in the contract. However, where the applicant and the contractor are related parties, eligible costs under the contract are limited to the costs that would represent eligible costs if performed and incurred directly by the applicant.

1. Personnel Costs - Only direct labor costs (including benefits) are eligible. Costs of employees not performing duties for exploration activities are not allowable. Example: Hourly wages and allocated benefits of a survey crew doing surveying at an exploration site and performing off-site compilation and analysis of survey data, are direct expenses, Personnel costs included in or allocated as overhead are not directly attributable costs and are not eligible costs unless it can be shown that the personnel were directly associated with eligible activities listed in Part A. Employee travel (other than that travel to and from the exploration area), entertainment and training are not considered exploration cost.
2. through 8. Transportation Costs, Fuel Costs, Field Camp Costs Communication Costs, Geochemistry and Geophysical Costs, Contractual Costs, and Miscellaneous / General Business Operating Costs. Only those costs (not including personnel) directly attributable to activities under Part A are allowed.
9. Total Amount of Exploration Incentive Credit Costs include total of all eligible costs identified in 1 through 8. Please include this amount also at beginning of form before Part A on Page 1.

### **Part E**

This exploration data list is to include, but is not limited to: representative skeleton drill core or rotary cuttings for each hole drilled, chemical analytical data, and non-interpretive geophysical data, as well as photo interpretive maps and geologic maps and maps showing the location of drill holes, sample locations and other exploration activities.

### **Part F**

Please indicate your eligibility under one of the four categories listed as being qualified to receive exploration incentive credits.

### **Part G**

Please sign and have a Notary Public certify your signature.

### **Part H**

This part will be signed by a representative of the department certifying or not certifying the expenditures requested by this application.

### **Part I**

This part will be signed by a representative of the department at such time as the applicant applies to actually take (utilize) the credits approved.

Please return this application to:

Montana Department of Revenue  
Compliance, Valuation and Resolution  
PO Box 5805  
Helena, MT 59604-5805



# Qualified Endowment Credit

15-30-166, 15-31-161 and 15-31-162, MCA

Instructions on back

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

Social Security Number or Federal Employer Identification Number \_\_\_\_\_

1. Name and address of entity holding the qualified endowment

➤ Tax exempt organization qualified under 26 U.S.C. 501(c)(3) holding qualified endowment:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

➤ Trustee of the trust administering planned gift:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

➤ Bank or trust company holding the qualified endowment on behalf of tax exempt organization:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Type of contribution. Check only one box. (See instructions for qualifications)

Charitable remainder unitrust

Charitable gift annuity

Charitable remainder annuity

Deferred charitable gift annuity

Pooled income fund trust

Charitable life estate agreement

Charitable lead unitrust

Paid-up life insurance policies

Charitable lead annuity

Qualified outright charitable contribution  
C. corporation, Partnership,  
S. corporation, trust, estate, LLC's only

3. Qualified endowment contribution date..... \_\_\_\_\_

4. Allowable contribution amount.....\$ \_\_\_\_\_

5. Qualified endowment credit (see instructions for calculation of credit)

Enter here and on Form 2A, Schedule II for individuals;

Form CLT4, Schedule C for Corporations.....\$ \_\_\_\_\_

Attach a receipt to Form QEC issued by the exempt organization holding the qualified endowment acknowledging their 501(c)(3) status, type of gift, the date the gift was made and the amount of the allowable contribution.

## Montana Qualified Endowment Credit – General Instructions

A credit is allowed to an individual, C. corporation or estate for the percentage of the charitable gift portion of a planned gift or for a C. corporation, S. corporation, partnership, trust, estate or limited liability company for an outright charitable contribution made to a qualified endowment. The credit may not exceed your individual income tax liability or your corporation income tax liability and may not be carried back or carried forward. A credit allowed for contributions made by a small business corporation, partnership, or limited liability company is attributed to the shareholders, partners, members or managers of a limited liability company in the same proportion used to report the corporation's, partnership's or limited liability company's income or loss for Montana income tax purposes.

➤ **Entity Holding the Qualified Endowment:** A “qualified endowment” means a permanent, irrevocable fund that is held by a Montana incorporated or established 26 U.S.C. 501(c)(3) organization, or a bank or trust company holding the funds on behalf of a 26 U.S.C. 501(c)(3) organization. The Montana affordable housing revolving loan account established in 90-6-133, MCA is considered a qualified endowment for the purpose of the Montana qualified endowment credit.

Enter on line one the name and address of the entity holding the qualified endowment and to which you contributed a planned gift or charitable contribution to during your tax year. If your planned gift is a trust, enter the name and address of the trustee, if the trustee is not the tax-exempt organization. If a bank or trust company holds the qualified endowment on behalf of the exempt organization, enter the name and address of the bank or trust company.

➤ **Type of Contribution:** Check the appropriate box for the type of contribution made to the qualified endowment. In order to qualify for the Montana qualified endowment credit an individual taxpayer must contribute an irrevocable contribution to a permanent endowment by means of one of the following nine “planned gifts.” A corporation, partnership or a limited liability company may make a contribution to a qualified endowment by means of either an outright charitable gift or a planned gift.

- **Charitable remainder unitrust defined by IRC § 664.** A trust to which property is transferred and invested by the trustee who each year pays a fixed percent of the unitrust's value, revalued annually, to one or more private income beneficiaries for a term of years or until death, with the remainder interest in the trust then transferring to or for the use of the charity or retained by the trust for the use of the charity.
- **Charitable remainder annuity trust defined by IRC §664.** A trust to which property is transferred and invested by the trustee who each year pays a fixed dollar amount to one or more private income beneficiaries for a term of years or until death, with the remainder interest in the trust then transferring to or for the use of the charity or retained by the trust for the use of the charity.
- **Pooled income fund trust defined by IRC §642(c)(5).** A trust to which property contributed by donors is intermingled and with respect to which the donor retains a life time income interest or creates such interest in others and irrevocably contributes the remainder interest to the charity maintaining the trust.
- **Charitable lead unitrust qualifying under IRC §170(f)(2)(b).** A trust to which property is transferred and invested by the trustee who each year pays a fixed percent of the unitrust's value, revalued annually, to the charity for a term of years or during lives of specified linear descendants, with the remainder interest then transferring to private beneficiaries named by the donor.
- **Charitable lead annuity trust qualifying under IRC §170(f)(2)(B).** A trust to which property is transferred and invested by the trustee who each year pays a fixed dollar amount to the charity for a term of years or lifetime(s), with the remainder interest then transferring to private beneficiaries named by the donors.
- **Charitable gift annuity undertaken pursuant to IRC §1011(b).** The transfer of cash or property to a charity in exchange for the charity's promise to pay the donor (and, if applicable, surviving annuitant) a lifetime annuity, treated as a bargain sale (resulting in taxable gain and a charitable deduction).
- **Deferred charitable gift annuity undertaken pursuant to IRC §1011(b).** A charitable gift annuity with respect to which the annuity payments are not begun until a future date.
- **Charitable life estate agreement qualifying under IRC §170(f)(3)(B).** The gift of a personal residence or farm to charity subject to a reserved life estate.
- **Paid-up life insurance policy meeting the requirements of IRC §170.** A life insurance policy for which all the premiums have been paid, usually entitling the donor to a current deduction equal to the cost of replacing the policy with a single premium life insurance policy at the donor's current age.

➤ **Qualified Endowment Contribution Date:** Enter the date the planned gift or charitable contribution was completed. A pledge to contribute to a qualified endowment does not qualify you for the qualified endowment credit. The credit is available for the tax period in which the gift is transferred to the qualified endowment.

➤ **Allowable Contribution Amount:** The allowable contribution amount for a “planned gift” is the present value of the aggregate amount of the charitable gift portion of the gift. The allowable contribution amount of a charitable gift for a corporation, partnership or limited liability company is that amount that qualifies and a charitable contribution under IRC § 170. The allowable contribution amount can not be claimed as an itemized deduction for an individual or as a deduction in computing net income for a corporation, partnership or limited liability company.

➤ **Qualified Endowment Credit:** Use the following chart to calculate your qualified endowment credit.

| For Planned Gift        |                    |             | For Businesses: Qualified Outright Charitable Gifts |                      |             |
|-------------------------|--------------------|-------------|---|----------------------|-------------|
| Planned Gift Date       | % of Present Value | Max. Credit | Qualified Charitable Gift Date                      | % of Charitable Gift | Max. Credit |
| 1-1-02 through 8-27-02  | 40%                | \$10,000    | 1-1-02 through 8-27-02                              | 20%                  | \$10,000    |
| 8-28-02 through 6-30-03 | 30%                | \$ 6,600    | 8-28-02 through 6-30-03                             | 13.3%                | \$ 6,600    |
| 7-1-03 through 4-30-04  | 50%                | \$13,400    | 7-1-03 through 4-30-04                              | 26.7%                | \$13,400    |
| 5-1-04 through 12-31-07 | 40%                | \$10,000    | 5-1-04 through 12-31-04                             | 20%                  | \$10,000    |