



# Calculation of Disability Income Exclusion

MCA 15-30-111

Instructions on back

If your combined Montana adjusted gross income is greater than \$20,200 you are not eligible for this disability exclusion.

## Excludable Disability Pay

**Column A** (For single, joint, separate or head of household)

**Column B** (For spouse only when filing separate)

- |    |  |       |       |
|----|--|-------|-------|
| 1. | <p><u>Enter the smaller of:</u><br/>Amount received per week times number of weeks received<br/>or<br/>\$100 times the number of weeks you received disability payments. (maximum \$5,200)</p> | _____ | _____ |
| 2. | <p>For payments received for a portion of a week, enter the smaller of the amount received or \$20 X number of work days you received payments.</p>  | _____ | _____ |
| 3. | <p>Add lines 1 &amp; 2</p>   | _____ | _____ |
| 4. | <p>Combine amounts on line 3, columns A &amp; B.</p>   |       | _____ |

## Limitation on Exclusion

- |    |   |       |  |
|----|---|-------|--|
| 5. | <p>Enter Montana adjusted gross income (without exclusion)</p>  | _____ | _____  |
| 6. | <p>Combine line 5, columns A &amp; B</p>  |       | _____  |
| 7. | <p>Amount to calculate exclusion.</p>   |       | <p style="text-align: center;">15,000</p> <p>_____</p> |
| 8. | <p>Subtract line 7 from line 6 (not less than -0-)</p>  |       | _____  |
|    | <p>Subtract line 8 from line 4<br/>(not less than -0-)<br/>This is your disability income exclusion.<br/>Enter this amount on line for other reductions on Form 2 or Form 2S.</p> |       | _____  |

Attach this form to your return

## Disability Income Exclusion

- A taxpayer who is a resident of Montana qualifies for the disability income exclusion if he or she:
  - is under age 65;
  - retired on disability;
  - was permanently and totally disabled; and
  - has not chosen to treat his/her disability income as a pension or annuity.
- The adjusted gross income used in the computation of the exclusion is the taxpayer's Montana adjusted gross income.
- If the qualified taxpayer is married and filing separate returns, both the taxpayer and the spouse's Montana adjusted gross incomes are to be combined to compute the exclusion.
- The department reserves the right to ask for proof of disability issued by a governmental unit such as the Social Security Administration, certifying the taxpayer's permanent and total disability. If such certification is not available, the department may require other such verification as is necessary.

Only income reported on a Form 1099R distribution Code 3, qualifies for the disability income exclusion.

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired. 📞