

2006

Montana Individual Income Tax Return

MONTANA Form 2M

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

| | | | | |
|--|----------------------------------|-----------|-----------------------------------|---------------------------------|
| Amended Return <input type="checkbox"/> Check the box above if this is an amended return. | Your first name and initial | Last name | Deceased <input type="checkbox"/> | Your social security number |
| | Spouse's first name and initial | Last name | Deceased <input type="checkbox"/> | Spouse's social security number |
| | Home address (number and street) | | City | State |



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

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

| | | | | | |
|---|---|-----------|-----|--------------|----------|
| Exemptions | 5a. <input checked="" type="checkbox"/> Yourself <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Enter number checked 5a. | | | | |
| | 5b. <input type="checkbox"/> Spouse <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Enter number checked 5b. | | | | |
| | Dependent's first name | Last name | SSN | Relationship | Disabled |
| | | | | | |
| | | | | | |
| 5c. Total Dependents. If additional dependents, see instructions..... 5c. | | | | | |
| 5d. Add lines 5a thru 5c and enter total exemptions here..... 5d. | | | | | |

| | | |
|---|--|---------------------------|
| Federal Adjusted Gross Income | Enter amounts corresponding to your federal return. Round to nearest dollar. If no entry, leave blank. | |
| | 6. Wages, salaries, tips, etc. Attach federal Form(s) W-2..... 6. | |
| | 7a. Taxable interest. Attach federal Schedule B or federal Schedule 1 if required 7a. | |
| | 7b. Tax-exempt interest. Do not include on line 7a..... 7b. | |
| | 8a. Ordinary dividends. Attach federal Schedule B or federal Schedule 1 if required. 8a. | |
| | 8b. Qualified dividends..... 8b. | |
| | 9. Capital gain or (loss). Attach federal Schedule D if required. 9. | |
| | 10a. IRA distributions 10a. | Taxable amount. 10b. |
| | 11a. Pensions and annuities..... 11a. | Taxable amount. 11b. |
| | 12. Unemployment compensation. 12. | |
| | 13a. Social security benefits. 13a. | Taxable amount. 13b. |
| | 14. Add lines 6 thru 13b (far right column.) This is your total income. 14. | |
| | 15. Penalty on early withdrawal of savings..... 15. | |
| | 16. IRA deduction..... 16. | |
| 17. Student loan interest deduction 17. | | |
| 18. Jury duty pay you gave your employer. 18. | | |
| 19. Add lines 15 through 18 and enter the result here. This is your total adjustments to income. 19. | | |
| 20. Subtract line 19 from line 14 and enter the result here. This is your federal adjusted gross income. 20. | | |

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|---|--|--|
| Montana Adjusted Gross Income | 21. Interest and municipal fund dividends state, county, or municipal bonds from other states 21. | |
| | 22. Taxable federal refund. 22. | |
| | 23. Addition to federal taxable social security/railroad retirement..... 23. | |
| | 24. Medical care savings account nonqualified withdrawal. 24. | |
| | 25. Add lines 21 through 24 and enter the result here. This is your Montana additions to federal adjusted gross income. 25. | |
| | 26. Exempt interest and dividends from federal bonds, notes, and obligations..... 26. | |
| | 27. Exempt unemployment compensation..... 27. | |
| | 28. Partial pension and annuity income exemption. 28. | |
| | 29. Partial interest exemption for taxpayers 65 and older..... 29. | |
| | 30. Exemption for certain taxed tips and gratuities. 30. | |
| 31. Exempt medical care savings account deposits and earnings 31. | | |
| 32. Subtraction to federal taxable social security/Tier I Railroad Retirement. 32. | | |
| 33. Subtraction for federal taxable Tier II Railroad Retirement. 33. | | |
| 34. Add lines 26 through 33 and enter the result here. This is your Montana subtractions from federal adjusted gross income. 34. | | |
| 35. Add lines 20 and 25, then subtract line 34. This is your Montana adjusted gross income. 35. | | |

| | | | | | | | | | | | | |
|--|---|------------------------------|---|---------------------------------|---------------------------------|-----------------------------|------|------|------|------|-----|----------------------|
| Taxable Income | 36. Montana adjusted gross income from line 35..... | 36. | | | | | | | | | | |
| | Deductions | | | | | | | | | | | |
| | 37. (A) Standard Deduction (see Worksheet on page 4 of this form): | (A) <input type="checkbox"/> | | | | | | | | | | |
| | (B) Itemized Deductions (from Form 2M, Schedule I, line 30): | (B) <input type="checkbox"/> | 37. <input type="text"/> | | | | | | | | | |
| | 38. Subtract line 37 from line 36 and enter amount here..... | 38. | <input type="text"/> | | | | | | | | | |
| | Exemptions (all individuals are entitled to at least one exemption.) | | | | | | | | | | | |
| | 39. Multiply \$1,980 by the number of exemptions on line 5d and enter result here | 39. | <input type="text"/> | | | | | | | | | |
| | 40. Subtract line 39 from line 38 and enter the result here. If zero or less, enter zero. This is your taxable income. | 40. | <input type="text"/> | | | | | | | | | |
| Tax | 41. Tax from the tax table on page 4 of this form. If line 40 is zero, enter zero | 41. | <input type="text"/> | | | | | | | | | |
| | 42. 1% capital gains tax credit | 42. | <input type="text"/> | | | | | | | | | |
| | 43. Subtract line 42 from line 41 and enter the result here. If zero or less, enter zero. This is your resident tax after capital gains tax credit. | 43. | <input type="text"/> | | | | | | | | | |
| Credits | 44. Nonrefundable single-year credits from Form 2M, Schedule II, line 5 | 44. | <input type="text"/> | | | | | | | | | |
| | 45. Nonrefundable carryover credit from Form 2M, Schedule II line 6 | 45. | <input type="text"/> | | | | | | | | | |
| | 46. Add lines 44 and 45 and enter the result here. This is your total nonrefundable credits. | 46. | <input type="text"/> | | | | | | | | | |
| | 47. Subtract line 46 from line 43 and enter the result here. If zero or less, enter zero. This is your total tax after nonrefundable credits. | 47. | <input type="text"/> | | | | | | | | | |
| Payments and Offsets | 48. Montana income tax withheld. Attach federal Form(s) W-2 and 1099 | 48. | <input type="text"/> | | | | | | | | | |
| | 49. 2006 estimated tax payments and amounts applied from your 2005 return | 49. | <input type="text"/> | | | | | | | | | |
| | 50. 2006 extension payment from Form EXT-06 | 50. | <input type="text"/> | | | | | | | | | |
| | 51. Elderly Homeowner/Renter Credit from Form 2M, Schedule II, line 7 | 51. | <input type="text"/> | | | | | | | | | |
| | 52. Add lines 48 through 51 and enter the result here. This is your total payments/offsets. | 52. | <input type="text"/> | | | | | | | | | |
| Penalty, Interest, Contributions | 53. Interest on underpayment of estimated taxes. (See instructions on page 12.)..... | 53. | <input type="text"/> | | | | | | | | | |
| | 54. Late file, late pay penalties and interest. (See instructions on page 12.) | 54. | <input type="text"/> | | | | | | | | | |
| | 55. Medical Care Savings Account 10% penalty | 55. | <input type="text"/> | | | | | | | | | |
| | 56. Enter in boxes 56a through 56d your Voluntary Check-off Contributions. | | | | | | | | | | | |
| | <table border="1"> <tr> <td>Nongame wildlife program</td> <td>Child abuse prevention</td> <td>Agriculture in schools</td> <td>End-stage renal disease program</td> <td rowspan="2">Sum of 56a through 56d.....</td> </tr> <tr> <td>56a.</td> <td>56b.</td> <td>56c.</td> <td>56d.</td> </tr> </table> | Nongame wildlife program | Child abuse prevention | Agriculture in schools | End-stage renal disease program | Sum of 56a through 56d..... | 56a. | 56b. | 56c. | 56d. | 56. | <input type="text"/> |
| | Nongame wildlife program | Child abuse prevention | Agriculture in schools | End-stage renal disease program | Sum of 56a through 56d..... | | | | | | | |
| | 56a. | 56b. | 56c. | 56d. | | | | | | | | |
| 57. Add lines 47, 53, 54, 55 and 56 and enter the result here. This is the sum of your total tax, penalties, interest and contributions. | 57. | <input type="text"/> | | | | | | | | | | |
| 58. If line 57 is more than line 52, enter the difference here. This is the amount you owe. | 58. | <input type="text"/> | | | | | | | | | | |
| Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at mt.gov/revenue to pay by credit card or E-check. | | | | | | | | | | | | |
| 59. If line 57 is less than line 52, enter the difference here..... | 59. | <input type="text"/> | | | | | | | | | | |
| 60. Enter the amount of line 59 you want applied to your 2007 estimated taxes | 60. | <input type="text"/> | | | | | | | | | | |
| 61. Subtract line 60 from line 59 and enter the result here. This is your refund. | 61. | <input type="text"/> | | | | | | | | | | |
| Amount You Owe or Your Refund | If you wish to use direct deposit, enter your RTN# and ACCT# below. See instructions. | | | | | | | | | | | |
| | RTN# <input type="text"/> | ACCT# <input type="text"/> | <input type="checkbox"/> Checking <input type="checkbox"/> Savings | | | | | | | | | |

| | | |
|---|--|--|
| If applicable, check appropriate box. <input type="checkbox"/> Annualized estimated payments. <input type="checkbox"/> Do not mail 2007 forms and instructions. | Name, address and telephone number of paid preparer. SSN, FEIN or PTIN: | <input type="checkbox"/> Check this box and attach a copy of your federal Form 4868 to receive your Montana extension. |
|---|--|--|

May the DOR discuss this return with your tax preparer? Yes No Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

| | | | | |
|----------------------------|------|--------------------------|--------------------|------|
| X | | | X | |
| Your signature is required | Date | Daytime telephone number | Spouse's signature | Date |

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

Schedule I: Montana Form 2M Itemized Deductions

Enter your itemized deductions on the corresponding line.

This schedule should be filed with your Montana Form 2M.

| | | | |
|--|---|--|-----|
| Medical and Dental Expenses | 1. Medical and dental expenses | 1. | |
| | 2. Enter amount from Form 2M, line 35 | 2. | |
| | 3. Multiply line 2 by .075 (7.5%)..... | 3. | |
| | 4. Subtract line 3 from line 1 and enter result here but not less than zero. This is your deductible medical and dental expense subject to 7.5% of Montana AGI. | 4. | |
| | 5. Medical insurance premiums not deducted elsewhere on your return..... | 5. | |
| | 6. Long term care insurance premiums not deducted elsewhere on your return..... | 6. | |
| Taxes You Paid | Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e. | | |
| | 7a. Federal income tax withheld in 2006 | 7a. | |
| | 7b. Federal estimated tax payments paid in 2006 | 7b. | |
| | 7c. 2005 federal income taxes paid in 2006 | 7c. | |
| | 7d. Other back year federal income taxes paid in 2006..... | 7d. | |
| | 7e. Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, or head of household, or \$10,000 if filing a joint return with your spouse. This is your federal income tax deduction. | 7e. | |
| | 8. Real estate taxes paid in 2006. | 8. | |
| | 9. Personal property taxes paid in 2006. | 9. | |
| | 10. Other deductible taxes. List type and amount: | 10. | |
| | Interest You Paid | 11. Home mortgage interest and points reported to you on federal Form 1098 | 11. |
| 12. Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address: | | | |
| 13. Points not reported to you on federal Form 1098 | | 13. | |
| 14. Investment interest. Attach federal Form 4952 | | 14. | |
| Gifts | 15. Contributions made by cash or check during 2006..... | 15. | |
| | 16. Contributions made other than by cash or check..... | 16. | |
| | 17. Contribution carryover from the prior year | 17. | |
| Job Expenses and Certain Miscellaneous Deductions | 18. Child and dependent care expenses. Attach Montana Form 2441M | 18. | |
| | 19. Casualty and theft loss(es). Attach federal Form 4684 | 19. | |
| Job Expenses and Certain Miscellaneous Deductions | 20. Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ | 20. | |
| | 21. Other expenses. List type and amount: | 21. | |
| | 22. Add lines 20 and 21 and enter the result here | 22. | |
| | 23. Enter the amount on Form 2M, line 35 here | 23. | |
| | 24. Multiply line 23 by .02 (2%) and enter the result here..... | 24. | |
| | 25. Subtract line 24 from line 22 and enter the result here, but not less than zero | 25. | |
| | 26. Political contributions (limited to \$100 per taxpayer) | 26. | |
| 27. Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: | 27. | | |
| Total Itemized Deductions | 28. Add lines 4 through 6; 7e through 19; and 25 through 27 and enter the result here | 28. | |
| | 29. Enter the amount from the itemized deduction Worksheet VI, line 9. This is the amount of your non-allowed itemized deductions. | 29. | |
| | 30. Subtract line 29 from line 28 and enter the result here and on Form 2M, line 37. These are your allowable itemized deductions. | 30. | |

Schedule II: Montana Form 2M Tax Credits

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

| | | |
|--|--|-------------------------|
| Nonrefundable Single-year Credits | Nonrefundable credits are single-year credits and HAVE NO carryover provision. | |
| | 1. College contribution credit. Attach Form CC. | 1. <input type="text"/> |
| | 2. Energy conservation installation credit. Attach Form ENRG-C. | 2. <input type="text"/> |
| | 3. Elderly care credit. Attach Form ECC. | 3. <input type="text"/> |
| | 4. Developmental disability account contribution credit. | 4. <input type="text"/> |
| | 5. Add lines 1 through 4 and enter the result here and on Form 2M, line 44. These are your total nonrefundable single-year credits. | 5. <input type="text"/> |
| Nonrefundable Carryover Credits | Nonrefundable credits HAVE a carryover provision that allows you to carry forward the unused portion of your credit to future tax years. | |
| | 6. Alternative energy systems credit. Attach Form ENRG-B and enter the amount on Form 2M, line 45. This is your total nonrefundable carryover credit. | 6. <input type="text"/> |
| Refundable Credits | Refundable credits are applied against your income tax liability with any remaining balance refunded to you. | |
| 7. Elderly homeowner/renter credit. Attach Form 2EC and enter the amount on Form 2M, line 51. This is your elderly homeowner/renter credit. | 7. <input type="text"/> | |

Montana Tax Credits

We have listed 6 credits that can be used when filing Montana Form 2M. However, the Montana legislature has authorized 28 different income tax credits. See Montana Form 2, Schedule V for a list and description of these 28 tax credits that are available. If you are eligible for any of the other credits not listed above, you will have to file Montana Form 2 instead of Form 2M.

There are three categories of credits available to you on your Montana individual income tax return. With the exception of the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2M, line 42) you are not required to apply any of these 6 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only be used to offset your 2006 resident tax after capital gains credit and cannot reduce

your tax liability below zero. The unused portion of your nonrefundable single-year credits that exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credits.** Your nonrefundable carryover credit can be used to offset your 2006 resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credit that is not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable elderly homeowner/renter credit is applied against your income tax liability with any unused credit refunded to you.

Standard Deduction Worksheet for Form 2M

| | |
|--|-------------------------|
| 1. Enter your Montana adjusted gross income from Form 2M, line 35 here. | 1. <input type="text"/> |
| 2. Multiply the amount on line 1 by .20 (20%) and enter the result here. | 2. <input type="text"/> |
| 3. Enter the amount below that corresponds to your filing status here. | 3. <input type="text"/> |
| <ul style="list-style-type: none"> • If your filing status is single (filing status 1) enter \$3,710. This is your maximum standard deduction. • If you filing status is joint (filing status 2) or head of household (filing status 3) enter \$7,420. This is your maximum standard deduction. | |
| 4. Enter the amount from line 2 or 3, whichever is smaller. | 4. <input type="text"/> |
| 5. Enter the amount below that corresponds to your filing status. | 5. <input type="text"/> |
| <ul style="list-style-type: none"> • If your filing status is single (filing status 1) enter \$1,650. This is your minimum standard deduction. • If your filing status is joint (filing status 2) or head of household (filing status 3) enter \$3,300. This is your minimum standard deduction. | |
| 6. Enter here and on Form 2M, line 37, the amount from lines 4 or 5, whichever is larger. This is your standard deduction. | 6. <input type="text"/> |

2006 Montana Individual Income Tax Table

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

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

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