

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. 