



Montana Department of
REVENUE

2002

Montana Partnership Booklet

This booklet contains:

Form PR-1

Form PT-CR1

Form PT-CON

Form PT-WH

Montana Partnership Information Return

Montana Composite Income Tax Return

Montana Nonresident Income Tax Agreement

Statement of Montana Income Tax Withheld for Nonresident Individual



Photo by Ross Magnuson

Fiscal Year Filers - Please Note:

These are your Montana Partnership Information Return Forms for your tax year beginning in 2002. Retain this booklet for your 2002 filing purposes.

**Make any necessary corrections to the label below and
attach it to your 2002 Montana PR-1.**

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

PRSRT STD
U.S. POSTAGE
PAID
MONTANA DEPARTMENT
OF REVENUE

No Return

Dear Montana Partnership Taxpayers,

The 2001 Montana Legislature significantly changed the way a partnership files an information return. These changes have minimal affect on resident partners, but change the requirements for partnerships that have non-resident partners. As a result, the department has provided you with a newly designed partnership booklet incorporating these changes to include a composite income tax return, nonresident income tax agreement, and a nonresident individual income tax withholding statement.

Providing these forms to the partnership in one booklet will make it easier for you to file your information return and the accompanying nonresident partners' tax returns. As you use this booklet look for changes that may improve our service next year. Please feel free to contact our office with your suggestions.

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. You can download our forms at www.discoveringmontana.com/revenue.

Sincerely,

Kurt Alme
Director
Department of Revenue

Table of Contents	Page
General:	
Instructions	3 through 6
Forms:	
PR-1	7
PT-CR1	10
PT-CON	12
PT-WH	13

Important Numbers	
Assistance and Help Line	(406) 444-6900
Forms Request	(406) 444-6900
Fax	(406) 444-6642

If you wish to order forms and instructions, call (406) 444-6900 or download from our web site at www.discoveringmontana.com/revenue.

Subject to Tax

Every partnership engaged in business in the State of Montana and having Montana source income must file an annual Montana Partnership Information Return, Form PR-1.

Montana Taxable Income

All partners, including nonresidents, must report their percentage of the partnership's income and deductions derived from Montana sources to the Montana Department of Revenue. A resident individual partner must report their Montana source income attributable to the partnership on their Montana individual income tax return (Form 2).

A nonresident individual partner must:

- Elect to have the partnership file a composite return (Form PT-CR1) and pay a composite tax on their behalf; or
- Sign a consent agreement (Form PT-CON) agreeing to file a Montana individual income tax return (Form 2); or
- In absence of the election to participate in a composite return or signing the consent agreement, the partnership must withhold 11% of the nonresident partner's share of Montana source income as reported on the entity's partnership return. This withholding is remitted by the partnership and reported on Form PT-WH.

Check the appropriate box(s) on your PR-1 return if you are filing the accompanying forms PT-CR1, PT-CON and/or PT-WH.

When to File

For calendar year taxpayers, the partnership return (Form PR-1) is due on or before April 15th following the close of the taxable year. For fiscal year taxpayers, the partnership return (Form PR-1) is due on or before the 15th day of the fourth month following the close of the taxable year.

If your partnership has nonresident partners, you must also file with your Montana partnership return (PR-1) the accompanying Form PT-CR1, Montana Composite Income Tax Return for those partners who elect to participate in the composite filing; and Form PT-CON, Montana Nonresident Income Tax Agreement for those partners who agree to file their Montana individual income tax return, Form. Within 180 days after the information return is due, or the date the department provided notice to the entity of the requirements to file a composite return or consent agreement, the partnership must file form PT-WH, Statement of Montana Income Tax Withheld for Nonresident Individuals for those nonresident partners not participating in a composite return or have signed an individual consent agreement.

A partnership will be granted an automatic extension of time to file their information return, Form PR-1, if they file with the department on or before the due date of the information return, Montana Form PT-EXT. This extension will extend the due date of the information return for Montana to correspond with the federal extension. Failure to file Montana Form PT-EXT by the due date of the information return may subject the partnership to a late file penalty.

2003 Declaration and Payment of Estimated Tax

If you expect to owe on your composite return at least \$500 additional tax, you may need to make estimated tax payments in 2003. Contact the department to obtain Form IT-EST, estimated tax payment information and vouchers.

Where to File

For returns without payments, including refund requests, mail to:

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

For returns with payments, mail to:

Montana Department of Revenue
P.O. Box 6308
Helena, MT 59604-6308

Instructions for Filing the Montana Partnership Income Tax Return, Form PR-1

Line 1 - Ordinary Income (Loss) The taxable income reported on line 1 of your federal return (Form 1065, Schedule K) must be entered on line 1 of your Montana return (Form PR-1).

Line 2 through 7 - The income reported on your federal 1065; Schedule K, lines 2 through 7; must be reported on lines 2 through 7 of your Montana Form PR-1.

Line 8 - Add the ordinary income reported on line 1 and lines 2 through 7; enter the total on line 8.

Line 9 through 12 - The deductions reported on your federal 1065; Schedule K, lines 8 through 11; must be reported on lines 9 through 12 of your Montana Form PR-1.

Line 13 - Add lines 9 through 12. Enter the total on line 13.

Line 14 - Montana Additions In order to compute Montana taxable income, certain items must be added to income. A detailed schedule must be attached to your return. Examples are:

- State, county and municipal interest and dividends not taxable under the Internal Revenue Code. Interest and dividends from Montana bonds are not taxable. Report this amount on line 14(a).
- State, local, and foreign income taxes must be added back to income. These taxes based on income or profits are reported on line 14(b).
- Report other additions on line 14(c) and attach a detailed schedule reconciling the amount of other additions.

Line 15 - Montana Reductions In order to compute Montana taxable income, certain items must be deducted from income. A detailed schedule must be attached to your return. Examples are:

- Interest income received on obligations of the United States Government is exempt from Montana income tax if the following conditions are met: the instruments must be written documents, bear interest, and contain a binding promise by the United States to pay specified sums at specified dates. They must also contain specific Congressional Authorization which pledges the full faith and credit of the United States in support of the promise to pay.

If any one of these conditions is not met, the interest from the obligation is taxable to Montana. Obligations that are taxable include GNMA's and FNMA's. Mutual fund dividends derived from qualifying U.S. Government interest, is also exempt from Montana income tax. Report this amount on line 15(a).

- An additional 10% deduction for the purchase of recycled material as computed on Form RCYL-CT, Part IV, (15-32-610, MCA.). A copy of form RCYL-CT must be attached to your return. Report this amount on line 15(b).
- Report other deductions on line 15(c) and attach a detailed schedule reconciling the amount of other deductions such as:
 - Amount of contributions made by a small business to its independent liability fund (15-30-127, MCA).
 - Documented expenses for the donation of mineral exploration information to the Montana Tech Foundation (15-32-510, MCA).

Line 16 - Income Taxable to Partners The Montana income taxable to partners is the sum of the following: (line 8 – line 13 + line 14 – line 15); enter the total income on line 16.

Line 17 - Income Apportioned to Montana For multistate taxpayers, multiply the amount reported on line 16 by the apportionment percentage from line 5 of Schedule K. Enter income apportioned to Montana on line 17.

Line 18 - Income Allocated Directly to Montana For multistate taxpayers, any income determined to be Montana allocable income must be reported on line 18.

Line 19 - Partnership Return Late File Penalty A penalty is charged if the partnership return (Form PR-1) is filed after the due date, including extensions, unless the entity can show reasonable cause for not filing on time. The penalty is \$10 multiplied by the number of the entity's partners at the close of the tax year for each month or fraction of a month, not to exceed five months, that the entity fails to file the information return PR-1. The late file penalty is not imposed on an entity that has ten or fewer partners if the partners have filed their required individual income tax returns with the department and have paid all taxes when due.

Instructions for Filing the Montana Composite Income Tax Return, Form PT-CR1

A partnership may elect to file a composite return and pay a composite tax on behalf of the nonresident partners participating in the filing of the composite return. For a nonresident partner to qualify to participate in the composite return they must be an individual whose only Montana source income for the tax year is from the partnership or other partnerships or S. corporations electing to file a composite return. Entities who are partners in a Montana partnership can not participate in the filing of a composite return.

Complete the information on page 2 before completing page 1.

Column A, Page 2 - Nonresident, Partner, or Member Name List the name as it appears on the partnership return PR-1. An individual resident partner or an entity that is a partner can not participate in a Montana composite income tax return.

Column B, Page 2 - Social Security Number Enter the social security number as it appears on the partnership return PR-1.

Column C, Page 2 - Federal Income From Entity Enter the participant's share of the entity's income from all sources as determined for federal income tax purposes.

Column D, Page 2 - Standard Deduction Each participant is allowed a standard deduction for a single person. Enter 20% of Column C, but not less than \$1,450 or more than \$3,260.

Column E, Page 2 - Exemption Each participant is allowed one exemption of \$1,740. You cannot take an exemption for your spouse or dependents.

Column F, Page 2 - Taxable Income Enter the total of Column C minus Columns D and E.

Column G, Page 2 - Tax from Tax Table Calculate the tax from the tax tables provided on Form PT-CR1, Page 1.

Column H, Page 2 - Montana Total Income Enter participant's share of the entity's Montana source income. The participant's share of Montana source income is the aggregate of his or her share of income, gain, losses, or deductions or other expenses of the entity which are deductible only by the entity and which are attributable to Montana.

Column I, Page 2 - Ratio Divide Montana total income (Column H) by federal income from entity (Column C). Carry to four decimal places. Do not enter more than 1.000.

Column J, Page 2 - Montana Tax Liability Multiply amount in Column G, Tax from Tax Table by the ratio in Column I. This is the participant's Montana composite tax liability.

Lines 1 through 7, Page 1 - Enter column totals from page 2.

Payments and Credits

Line 8, Page 1 - Payment of 2002 estimated tax, amounts credited from previous year Enter your total Montana estimated tax payments for 2002. Include overpayments from 2001 which were credited to 2002.

Line 9, Page 1 - Payment made with extension Enter your total Montana extension tax payment for 2002.

Line 10, Page 1 - Total Payments Enter the sum of lines 8 and 9.

Refund or Balance Due

Line 11, Page 1 - Amount Overpaid If line 10 is larger than line 7, enter the difference. This is your overpayment. You can choose to have all or part of this amount refunded to you (line 13). The remainder, if any, can be applied to your estimated tax for 2003 (line 12). Only overpayments of more than \$1 will be refunded.

Line 12, Page 1 - Enter the amount from line 11 that you want applied to your estimated tax for year 2003.

Line 13, Page 1 - Enter the amount from line 11 that you want refunded to you.

Line 14, Page 1 - Tax Due If line 7 is larger than line 10, enter the difference. This is your composite tax due.

Line 15, Page 1 - If you were required to make estimated tax payments and did not remit the required amounts, you must pay an underpayment penalty. Complete worksheet to calculate the penalty.

Line 16, Page 1 - If you file your composite return late, you may have a late file penalty of \$50 or the amount of tax owing, whichever is smaller. There is no late file penalty if you are receiving a refund.

Line 17, Page 1 - If you file your composite return late or do not pay by the due date of the entity's return, you must pay a late pay penalty. The penalty is 1.5% per month or fraction of month on the unpaid tax. The penalty may not exceed 18% of the tax due.

Line 18, Page 1 - Interest will be assessed on any tax not paid by the due date of the entity's return. Interest is 12% per year accrued at 1% per month or fraction of a month.

Worksheet I - Calculation of Underpayment Penalty for Failure to Make Estimated Payments

Underpayment Penalty of Estimated Tax

In 2002 you must have paid through estimated installments or a combination of withholding and estimated installments the smaller of 1) 90% of your current year's tax liability after credits, or 2) an amount equal to 100% of your previous year's total tax liability. Payments made with extensions are not considered estimated payments. If you do not meet this requirement, you may be subject to an underpayment penalty.

Short Method

- | | |
|---|---|
| <p>1. Enter your 2002 composite tax from line 7 on Form PT-CR1. _____</p> <p>2. Enter 90% of line 1 above. _____</p> <p>3. Enter your total amount credited from previous year reported on PT-CR1, line 8. _____</p> <p>4. Subtract line 3 from line 1. If the result is \$500 or less, do not complete the rest of the form. You do not owe the underpayment penalty. _____</p> <p>5. Enter your 2001 composite tax. _____</p> | <p>6. Enter the smaller of line 2 or line 5. _____</p> <p>7. Enter the amount from line 3 plus any estimated payments made. _____</p> <p>8. <u>Total underpayment for the year.</u> Subtract line 7 from line 6. If zero or less, stop here. You do not owe the underpayment penalty. _____</p> <p>9. Multiply line 8 by .07980 and enter the result. _____</p> <p>10. If the amount on line 8 was paid on or after the due date of the information return, enter -0-. If the amount on line 8 was paid before, the due date of the information return multiply: Amount on line 8 x number of days paid before the due date of the information return x .0003288. _____</p> <p>11. Underpayment interest penalty. Subtract line 10 from line 9. Enter the results here and on Form PT-CR1, line 15. Total Due: _____</p> |
|---|---|

Instructions for Schedule K

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 partnership 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 fully completed by every partnership 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 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, buildings, machinery, equipment, stocks of goods, inventories, and other tangible property actually used in connection with the production of business income to be apportioned, but 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:

- Individual's service is performed entirely within the state;
- 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
 - Base of operations or, if there is no base of operations, the place from which the service is directed or controlled is the state; or
 - 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 considered to be in the state if:

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

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

- Income-producing activity is performed in this state; or
- Income-producing activity is performed both in and outside this state and the 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 of the existing factors), rather than 3. Enter the apportionment factor on line 5 of Schedule K and on line 16, page 1.

Partnership Information

The partnership information schedule on Form PR-1 must be completed with the partner's name, address, social security number or federal employer identification number, ownership interest, and total Montana source income. For a nonresident partner, complete the columns titled composite return, PT-CON (Consent Agreement), and PT-WH (nonresident partner withholding requirement)



2002 Montana Partnership Information Return

MONTANA
PR-1
Rev. 8-02

For calendar year 2002 or tax year beginning _____, 2002; ending _____, 20____

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Multistate Partnership	Name _____ Address _____ City _____ State _____ Zip + 4 _____	Check box if this is a change of address. <input type="checkbox"/>	FEIN: _____ Federal Business Code: _____ Date Qualified in Montana: _____
Reporting Method: Cash _____ Accrual _____ Other (please specify) _____			

Are you filing the forms below with your Montana Partnership Return, PR-1?

	Yes	No
Form PT-CR1 - Montana Composite Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-CON - Montana Nonresident Income Tax Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Form PT-WH - Nonresident Individual Withholding	<input type="checkbox"/>	<input type="checkbox"/>

1. Ordinary income (loss) from trade or business activities (Form 1065, Schedule K, line 1)	1.		
2. Net income (loss) from rental real estate activities (Form 1065, Schedule K)	2.		
3. a. Gross income from other rental activities (Form 1065, Schedule K) 3a. _____			
b. Expenses from other rental activities (Form 1065, Schedule K) 3b. _____			
Net income (loss) from other rental activities (subtract line 3b from line 3a)	3.		
4. Portfolio income (loss): (Form 1065, Schedule K)			
a. Interest income 4a. _____			
b. Ordinary dividends 4b. _____			
c. Royalty income 4c. _____			
d. Net short-term capital gain/(loss) (attach Federal Schedule D, Form 1065) 4d. _____			
e. Net long-term capital gain/(loss) (attach Federal Schedule D, Form 1065) 4e. _____			
f. Other portfolio income (loss) 4f. _____			
Total portfolio income	4.		
5. Guaranteed payments to partners (Form 1066, Schedule K)	5.		
6. Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	6.		
7. Other income (loss)	7.		
8. Total lines 1 through 7	8.		
9. Charitable contributions (attach schedule)	9.		
10. Section 179 expense deduction (attach Form 4562)	10.		
11. Deductions related to portfolio income/(loss) (you must itemize)	11.		
12. Other deductions (attach schedule)	12.		
13. Total lines 9 through 12	13.		
14. Add: a. Interest and dividends not taxable under the Internal Revenue Code (non-Montana) 14a. _____			
b. Taxes based on income or profits 14b. _____			
c. Other additions (attach detailed breakdown) 14c. _____			
Total Montana additions to income	14.		
15. Subtract: a. Interest on U.S. Government Obligations (attach Schedule) 15a. _____			
b. Deduction for purchasing recycled material (attach Form RCYL) 15b. _____			
c. Other deductions (attach detailed breakdown) 15c. _____			
Total Montana deductions to income	15.		
16. Income taxable to partners (line 8 - line 13 + line 14 - line 15)	16.		
17. Multistate taxpayers: Line 16 X _____% from Schedule K, line 5	17.		
18. Multistate taxpayers: Income allocated directly to Montana	18.		
Payments			
19. Partnership return late file penalty (see instructions)	19.		

Check here, if you do not need the Montana Partnership Information Return and Instructions sent to you next year.

A copy of your Federal Form 1065 and Schedule K-1's must be attached

Schedule K Apportionment Factors for Multistate Taxpayers

	A. Everywhere	B. Montana	C. Factor
--	---------------	------------	-----------

1. Property Factor: (B divided by A = C)
 Use average value for real and tangible personal property

Land			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Inventories			
Supplies and other			
Rents multiplied by 8			
Total Property			%

2. Payroll Factor:

Compensation of officers			
Salaries and wages			
Payroll included in:			
Cost of goods sold			
Repairs			
Other deductions			
Total Payroll			%

3. Sales (Gross Receipts) Factor:

Gross sales, less returns			
Other (attach schedule)			
Total Sales			%

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 16, page 1)

Declaration

The return must be signed by a partner of the partnership. I, the undersigned partner of the partnership 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 statutes and regulations.

Signature of Partner Date

Name of Person or Firm Preparing Return Date

Title Telephone Number

Address

Zip Code

Telephone Number

Check here to authorize the Montana Department of Revenue to discuss your return with the individual/preparer listed above.



2002 Montana Composite Income Tax Return

MONTANA
PT-CR1
New 8-02

For calendar year 2002 or tax year beginning _____, 2002; ending _____, 20____

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Amended Return	Entity Name	FEIN: _____
	Address	Federal Business Code: _____
	City State Zip + 4	

S. corporation
 Partnership
 Limited Liability Company
 Limited Liability Partnership
 Disregarded Entity

1. Federal income from entity (Page 2, Column C)	1.		
2. Standard deduction (Page 2, Column D)	2.		
3. Exemption (Page 2, Column E)	3.		
4. Taxable income (Page 2, Column F)	4.		
5. Tax from tax table (Page 2, Column G)	5.		
6. Montana total income (Page 2, Column H)	6.		
7. Montana total tax (Page 2, Column J)	7.		
Payments and Credits			
8. Payment of 2002 estimated tax, amounts credited from previous year	8.		
9. Payment made with extension	9.		
10. Total payments (Line 8 and Line 9)	10.		
Refund or Amount Owed			
11. If line 10 is larger than line 7, enter the difference. Overpayment =	11.		
12. Amount on line 11 to be applied to 2003 estimate 12. <input style="width: 100px;" type="text"/>			
13. Enter the amount on line 11 you want refunded to you (Refunds more than \$1.00 will be issued.) Refund =	13.		
14. If line 7 is larger than line 10, enter the difference (If you owe, see instructions for this line.) Tax Due =	14.		
15. Underpayment penalty (See Worksheet I)	15.		
16. Late filing penalty	16.		
17. Late payment penalty	17.		
18. Interest 1% (.01) per month	18.		
19. Total of lines 14 through 18	19.		

Name, address and telephone number of tax preparer _____

May the Department of Revenue discuss this return with the tax preparer shown above? Yes No

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

Your Signature	Date	Daytime Telephone Number
----------------	------	--------------------------

If Taxable Income is:				Tax Table				If Taxable Income is:				
Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax	Over	But not over	Multiply by	and Subtract = Tax	
\$ 0	\$ 2,200	X	2 %	\$ 0	\$ 17,400	X	7 %	\$ 458	\$ 21,800	X	8 %	\$ 676
\$ 2,200	\$ 4,400	X	3 %	\$ 22	\$ 21,800	X	8 %	\$ 981	\$ 30,500	X	9 %	\$ 1,416
\$ 4,400	\$ 8,700	X	4 %	\$ 66	\$ 30,500	X	10 %	\$ 2,178	\$ 43,500	X	11 %	\$ 2,178
\$ 8,700	\$ 13,100	X	5 %	\$ 153	\$ 43,500	X	10 %	\$ 1,416	\$ 76,200	X	10 %	\$ 1,416
\$ 13,100	\$ 17,400	X	6 %	\$ 284	\$ 76,200	X	11 %	\$ 2,178				

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$22 = \$50 tax

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



Montana Nonresident Income Tax Agreement

Type of Organization (check only one)

S. corporation Partnership Limited Liability Company Limited Liability Partnership Disregarded Entity

Taxable year of organization Beginning _____, 20____ and ending _____, 20____	Nonresident's taxable year including organization, year end Beginning _____, 20____ and ending _____, 20____
Nonresident Individual's Name and Mailing Address Name	Organization's Name and Mailing Address Name
Street or other mailing address	Street or other mailing address
City State Zip Code	City State Zip Code
Social Security Number	Spouse's Social Security Number
Federal Employer Identification Number	

Internal Revenue Service Center where nonresident individual's federal return is filed _____

I declare that I am or have been a nonresident of Montana and hereby agree that I will timely file a Montana individual income tax return, Form 2, and pay any income tax due; and I will include in my Montana adjusted gross income the portion of the above named organization's income attributable to my interest in the said organization for the indicated taxable year. This agreement shall be binding upon my heir's representatives, assigned successors, executors, and administrators.

Signature of nonresident, partner, member, or shareholder _____ Date _____

Attach this agreement to the organization's Montana income tax return.

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

Instructions

Who may file. Any nonresident individual taxpayer who has Montana source income derived from an S. corporation, partnership, limited liability company, limited liability partnership, or disregarded entity may complete a Montana Nonresident Income Tax Agreement, Form PT-CON, if the taxpayer was a nonresident of Montana during any part of the organization's tax year.

When and where to file. Form PT-CON must be completed and delivered to the organization prior to the filing of the organization's Montana information return. The due date for the Montana information return for partnerships is the 15th day of the fourth month following the close of the taxable year. The due date for the Montana information return of an S. corporation is the 15th day of the third month following the close of the taxable year. The due date for the Montana information return of a disregarded entity is the due date of the individual or entity in which the income, gain, loss, deduction or credit is reported for federal income tax purposes.

If Form PT-CON is filed. The nonresident individual who has filed the Form PT-CON is required to timely file a Montana individual income tax return, Form 2. Such return must report and pay tax on the nonresident's share of the organization's Montana income attributable to their interest in the organization during the taxable year as well as any

as any other Montana source income the nonresident has earned. Nonresidents must report their total income, notwithstanding the source of the income and are entitled to full exemptions and deductions in arriving at taxable income. Their Montana tax liability is based on multiplying the ratio of Montana source income to total income from all sources. (See Montana Form 2 instruction booklet for further details).

If Form PT-CON is not filed. If a Form PT-CON is not attached to the organization's information return for a nonresident individual, and the nonresident individual has not elected to participate in the filing of a composite return, the organization is required to remit 11 percent of the nonresident's share of the organization's income derived from or attributable to Montana sources. The withholding is to be remitted with the Statement of Montana Income Tax Withholding for Nonresident Individual, Form PT-WH, and the organization's Montana return. When the nonresident files an individual income tax return Form 2, the remittance submitted by the organization will be allowed as a credit against the taxpayer's Montana income tax liability.

If the organization has filed a Form PT-WH and withheld tax on all the Montana income attributable to the nonresident, this withholding is considered an estimated payment on the account of the nonresident individual and does not relieve the individual of the requirements of filing a Montana individual income tax return.



Statement of Montana Income Tax Withheld for Nonresident Individual

Nonresident Individual's Name and Mailing Address			Organization's Name and Mailing Address		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Social Security Number		Spouse's Social Security Number		Federal Employer Identification Number	
1. Nonresident individual's share of Montana source income reflected on the organization's income tax return.		\$ _____		Type of Organization (check only one)	
2. Amount of Montana income tax withheld and remitted (11% of the amount on line 1). See instructions.		\$ _____		<input type="checkbox"/> S. corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Disregarded Entity	
				Taxable year of organization	
				Beginning _____, 20____ and ending _____, 20____	

To be filed in the absence of Form PT-CON, a nonresident income tax agreement, or participation in a composite return.



Statement of Montana Income Tax Withheld for Nonresident Individual

Nonresident Individual's Name and Mailing Address			Organization's Name and Mailing Address		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Social Security Number		Spouse's Social Security Number		Federal Employer Identification Number	
1. Nonresident individual's share of Montana source income reflected on the organization's income tax return.		\$ _____		Type of Organization (check only one)	
2. Amount of Montana income tax withheld and remitted (11% of the amount on line 1). See instructions.		\$ _____		<input type="checkbox"/> S. corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Disregarded Entity	
				Taxable year of organization	
				Beginning _____, 20____ and ending _____, 20____	

To be filed in the absence of Form PT-CON, a nonresident income tax agreement, or participation in a composite return.

Instructions

Who must file. Every S. corporation, partnership, limited liability company, limited liability partnership, or disregarded entity must complete the Statement of Montana Income Tax Withholding for Nonresident Individual, Form PT-WH, for each nonresident individual partner, member, or shareholder who did not complete a Montana Nonresident Income Tax Agreement Form PT-CON or elected to participate in the filing of a composite income tax return. Do not file Form PT-WH for entities other than individuals.

When and where to file. The Form PT-WH and remittance must accompany the organization's Montana information tax return when filed with the Montana Department of Revenue. Complete Form PT-WHREM transmittal document and attach Form PT-WH with your payment.

Amount of withholding. The amount withheld is 11% of the nonresident individual's share of Montana source income reflected on the organization's income tax return. The total on line 1 entries from each Form PT-WH should equal the amount entered on the Montana Partnership Return of Income, Form PR1; or the Montana S. corporation Income Tax Return, Form CLT-4S.

Nonresident Individual. The nonresident taxpayer named on this Form PT-WH is required to file a Montana Individual Income Tax Return, Form 2, with the Montana Department of Revenue. The amount entered on line 2, Form PT-WH, will be allowed as a credit against the taxpayer's Montana income tax liability and should be claimed as Montana income tax withheld on Form 2. Attach a copy of Form PT-WH to your Form 2 in the space otherwise provided for attaching Federal Form W-2.