



# 2002 Individual Income Tax Worksheets

**Attach This Form To Your Return**

## Worksheet I - IRA Deduction

If you filed jointly on your federal tax return and separately (filing status 3, 4 or 5) on your Montana return, your deductible IRA for Montana purposes may be less than the amount allowed on your federal return.

If during the tax year, neither spouse was covered by a retirement plan where they worked, Montana and federal IRA deductions will be the same (maximum \$3,000 per spouse, or \$3,500 if 50 years old or older). If part of your IRA deduction is attributable to the IRA of a nonworking spouse, that amount must be added back on line 23 in the column of the nonworking spouse.

If during the tax year, one or both spouses were covered by a retirement plan where they worked, complete both columns of the worksheet below to determine if there is a difference between allowable federal and Montana IRA deductions.

### IRA Worksheet

	Column A	Column B
1. Phase out amount .....	1. _____	_____
2. Enter your federal adjusted gross income before federal IRA contributions. ....	2. _____	_____
3. Subtract line 2 from line 1 .....	3. _____	_____
4. Maximum allowable IRA deduction. Multiply line 3 by 20% (.20). If the result is less than \$200, but more than zero, enter \$200 .....	4. _____	_____
5. Enter IRA amount from line 19, Form 2 .....	5. _____	_____
6. Enter lesser of line 4 or line 5 .....	6. _____	_____
7. Subtract line 6 from line 5 and enter this amount on line 23, Form 2. .... This is the nondeductible portion of your IRA for Montana purposes.	7. _____	_____

If you are married, filing separate returns and lived apart from your spouse the entire year, you will be treated as single individuals.

## Worksheet II - Tax Benefit Rule (Taxable Refunds and Reimbursements)

	Column A	Column B
1. Total of all federal income tax refunds received. Do not include EIC.....	1. _____	_____
2. All refunds and reimbursements of previously deducted itemized deductions..... Example: In 2001 you deducted medical expenses not covered by insurance. In 2002 your insurance company determines that a portion of the denied expenses should have been paid by them. They send you a check. This amount may be taxable because you claimed it as an expense paid by you in the prior tax year.	2. _____	_____
3. Add lines 1 and 2 above.....	3. _____	_____
4. Montana itemized deductions for prior year. If you took the standard deduction, stop here. None of the refund is taxable.....	4. _____	_____
5. Enter prior year's Montana Adjusted Gross Income.....	5. _____	_____
6. If you are filing single or married filing separately, multiply line 5 by 20% (.20) and enter here. If this amount is less than \$1,430, enter \$1,430. If more than \$3,230, enter \$3,230. If you are filing a joint return or filing as head of household, multiply line 5 by 20% and enter here. If this amount is less than \$2,860, enter \$2,860. If more than \$6,460, enter \$6,460....	6. _____	_____
7. Subtract line 6 from line 4. If the result is zero, stop here. The amount on line 3 is not taxable.....	7. _____	_____
8. Enter the smaller of line 3 or line 7.....	8. _____	_____
9. Montana taxable income from prior year.....	9. _____	_____
10. Enter the following amount on Form 2, line 22. If line 9 is: Zero or more, enter the amount from line 8. If less than zero, add lines 8 and 9 and enter the net amount (but not less than zero).....	10. _____	_____

## Worksheet III - Qualifying Capital Gain Exclusion

**Capital Gain Exclusion Worksheet** - If you had an installment sale(s) of a capital asset(s) which you entered into before January 1, 1987 you may be able to take a capital gain exclusion of 40%. Compute your exclusion on the worksheet below.

If Federal Schedule D line 17 is negative, you are not allowed a capital gain exclusion. Do not proceed any further.

	Column A	Column B
1. Add the amounts from Federal Schedule D lines 11 and 12 which pertain to installment sales entered into before January 1, 1987, and enter here. ....	1. _____	_____
2. Add the amounts from Federal Schedule D lines 7(f) and 16(f) and enter here.....	2. _____	_____
3. Divide line 1 by line 2. ....	3. _____	_____
4. Enter the amount from line 17 of Federal Schedule D, but not less than zero.....	4. _____	_____
5. Multiply the amount on line 4, times the % on line 3: _____ x _____ % .....	5. _____	_____
6. Multiply amount on line 5 times 40% (.40). This is your Montana capital gains exclusion. Enter on line 34 of Montana Form 2.....	6. _____	_____