



Qualified Endowment Credit

15-30-166, 15-31-161 and 15-31-162, MCA
Instructions on back

Individual or business name as it appears on your individual income tax, Form 2 or corporation license tax, Form CLT-4 _____

Social Security Number or Federal Employer Identification Number _____

1. Name and address of entity holding the qualified endowment
 - Tax exempt organization qualified under 26 U.S.C. 501(c)(3) holding qualified endowment:
 - Name _____
 - Address _____
 - City, State, Zip _____
 - Trustee of the trust administering planned gift:
 - Name _____
 - Address _____
 - City, State, Zip _____
 - Bank or trust company holding the qualified endowment on behalf of tax exempt organization:
 - Name _____
 - Address _____
 - City, State, Zip _____

2. Type of contribution. Check only one box. (See instructions for qualifications)

<input type="checkbox"/> Charitable remainder unitrust	<input type="checkbox"/> Charitable gift annuity
<input type="checkbox"/> Charitable remainder annuity	<input type="checkbox"/> Deferred charitable gift annuity
<input type="checkbox"/> Pooled income fund trust	<input type="checkbox"/> Charitable life estate agreement
<input type="checkbox"/> Charitable lead unitrust	<input type="checkbox"/> Paid-up life insurance policies
<input type="checkbox"/> Charitable lead annuity	<input type="checkbox"/> Qualified outright charitable contribution <ul style="list-style-type: none"> ➤ Used only by a C corporation, Partnership, S corporation, trust, estate, LLC's

3. Qualified endowment contribution date _____

4. Allowable contribution amount \$ _____

5. Qualified endowment credit (see instructions for calculation of credit)
Enter here and on Form 2A, Schedule II for individuals;
Form CLT4, Schedule C for corporations \$ _____

Attach a receipt to Form QEC issued by the exempt organization holding the qualified endowment acknowledging their 501(c)(3) status, type of gift, the date the gift was made and the amount of the allowable contribution.

Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Montana Qualified Endowment Credit – General Instructions

A credit is allowed to an individual, C corporation or estate for the percentage of the charitable gift portion of a planned gift or for a C corporation, S corporation, partnership, trust, estate or limited liability company for an outright charitable contribution made to a qualified endowment. The credit may not exceed your tax liability and may not be carried back or carried forward. A credit allowed by a small business corporation, partnership, or limited liability company is attributed to the shareholders, partners, members or managers in the same proportion used to report the corporation's, partnership's or limited liability company's income or loss for Montana income tax purposes.

➤ **Entity Holding the Qualified Endowment.** A "qualified endowment" is a permanent, irrevocable fund that is held by a Montana incorporated or established 501(c)(3) organization, or a bank or trust company holding the funds on behalf of a 501(c)(3) organization. The Montana affordable housing revolving loan account established in 90-6-133, MCA is considered a qualified endowment for the purpose of this credit.

Enter on line one the name and address of the entity holding the qualified endowment and to which you contributed a planned gift or charitable contribution to during your tax year. If your planned gift is a trust, enter the name and address of the trustee, if the trustee is not the tax-exempt organization. If a bank or trust company holds the qualified endowment on behalf of the exempt organization, enter the name and address of the bank or trust company.

➤ **Type of Contribution.** Check the appropriate box for the type of contribution made to the qualified endowment. In order to qualify for the Montana qualified endowment credit, an individual taxpayer must contribute an irrevocable contribution to a permanent endowment by means of one of the following nine "planned gifts." A corporation, partnership or a limited liability company may make a contribution to a qualified endowment by means of either an outright charitable gift or a planned gift.

- **Charitable remainder unitrust.** A trust to which property is transferred and invested by the trustee who each year pays a fixed percent of the unitrust's value, revalued annually, to one or more private income beneficiaries for a term of years or until death, with the remainder interest in the trust then transferring to or for the use of the charity or retained by the trust for the use of the charity.

- **Charitable remainder annuity trust.** A trust to which property is transferred and invested by the trustee who each year pays a fixed dollar amount to one or more private income beneficiaries for a term of years or until death, with the remainder interest in the trust then transferring to or for the use of the charity or retained by the trust for the use of the charity.

- **Pooled income fund trust.** A trust to which property contributed by donors is intermingled and with respect to which the donor retains a lifetime income interest or creates such interest in others and irrevocably contributes the remainder interest to the charity maintaining the trust.

- **Charitable lead unitrust.** A trust to which property is transferred and invested by the trustee who each year pays a fixed percent of the unitrust's value, revalued annually, to the charity for a term of years or during lives of specified linear descendants, with the remainder interest then transferring to private beneficiaries named by the donor.

- **Charitable lead annuity trust.** A trust to which property is transferred and invested by the trustee who each year pays a fixed dollar amount to the charity for a term of years or lifetime(s), with the remainder interest then transferring to private beneficiaries named by the donors.

- **Charitable gift annuity.** The transfer of cash or property to a charity in exchange for the charity's promise to pay the donor (and, if applicable, surviving annuitant) a lifetime annuity, treated as a bargain sale (resulting in taxable gain and a charitable deduction).

- **Deferred charitable gift annuity.** A charitable gift annuity with respect to which the annuity payments are not begun until a future date.

NEW A charitable gift annuity and deferred charitable gift annuity is a planned gift if the issuing charitable organization at the date of the annuity has a minimum \$300,000 net worth or a minimum \$100,000 in unrestricted cash, cash equivalent or public traded securities, been in continuous operations, or a successor or affiliated with an organization that has been in business for at least 3 years, and one-half of the outstanding annuities is maintained in a separate annuity fund. If the above requirements are not met the gift annuity must be commercially insured by a licensed insurance company qualified to do business in Montana.

- **Charitable life estate agreement.** The gift of a personal residence or farm to charity subject to a reserved life estate.

- **Paid-up life insurance policy.** A life insurance policy for which all the premiums have been paid, usually entitling the donor to a current deduction equal to the cost of replacing the policy with a single premium life insurance policy at the donor's current age.

➤ **Qualified Endowment Contribution Date.** Enter the date the planned gift or charitable contribution was completed. A pledge to contribute to a qualified endowment does not qualify you for the qualified endowment credit. The credit is available for the tax period in which the gift is transferred to the qualified endowment.

➤ **Allowable Contribution Amount.** The allowable contribution amount for a "planned gift" is the present value of the aggregate amount of the charitable gift portion of the gift. The allowable contribution amount of a charitable gift for a corporation, partnership or limited liability company is that amount that qualifies and a charitable contribution under IRC § 170. The allowable contribution amount can not be claimed as an itemized deduction for an individual or as a deduction in computing net income for a corporation, partnership or limited liability company.

➤ **Qualified Endowment Credit.** Use the following chart to calculate your qualified endowment credit.

Note: Change in credit application effective 7-01-03

For Planned Gift		
Planned Gift Date	% of Present Value	Max. Credit
1-1-02 through 8-27-02	40%	\$10,000
8-28-02 through 6-30-03	30%	\$ 6,600
7-1-03 through 12-31-07 NEW	40%	\$10,000
For Businesses: Qualified Outright Charitable Gifts		
Qualified Charitable Gift Date	% of Charitable Gift	Max. Credit
1-1-02 through 8-27-02	20%	\$10,000
8-28-02 through 6-30-03	13.3%	\$ 6,600
7-1-03 through 12-31-07 NEW	20%	\$10,000