

# 2003 Individual Income Tax Worksheets

## Worksheet I - IRA Deduction

If you file 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. \$10,000 | \$10,000 |
| 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 30% (.30) or by (35% (.35) in the column for the IRA of the individual who is age 50 or older at the end of 2003).<br>If the result is \$200 or more, enter the result. If it is less than \$200 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. ....<br>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 refundable federal credits or more than the amount deducted for the prior year.....  | 1. _____  | _____ |
| 2. All refunds and reimbursements of previously deducted itemized deductions.....<br>Example: In 2002 you deducted medical expenses not covered by insurance. In 2003 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.<br>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)<br>If this amount is less than \$1,450, enter \$1,450. If more than \$3,260, enter \$3,260.<br>If you are filing a joint return or filing as head of household, multiply line 5 by 20% (.20).<br>If this amount is less than \$2,900, enter \$2,900. If more than \$6,520, enter \$6,520.....                   | 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.<br>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 18 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 7b(f) and 16(f) and enter here.....   | 2. _____   | _____   |
| 3. Divide line 1 by line 2. ....   | 3. _____ % | _____ % |
| 4. Enter the amount from line 17(a) of Federal Schedule D, but not less than zero.....   | 4. _____   | _____   |
| 5. Multiply the amount on line 4, times the % on line 3:<br>_____ x _____ % .....  | 5. _____   | _____   |
| 6. Multiply amount on line 5 times 40% (.40). This is your Montana capital gains exclusion. Enter on line 35 of Montana Form 2.....                    | 6. X .40   | X .40   |

**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).**