

Montana 2003 Package X - Part III

Contains Individual Income Tax

ESA

EST-P

ESW

EXT-03

FRM

FTB

FTB-P

HI

IND



Annualization Worksheet

General Information on Annualizing

If your income fluctuates or is seasonal, you may be able to lower the amount of one or more required estimated tax installments by annualizing your income. To see if you can pay less for any period, first complete the estimated worksheet (Form ESW) then complete the annualized estimated worksheet (Form ESA). Complete one column before continuing to the next. This worksheet annualizes your tax at the end of each period based on a reasonable estimate of your income and deductions from the beginning of the tax year through the end of each period. If you use the annualized income worksheet for any payment due date, you must use it for all subsequent payment due dates.

If you use the annualized income installment method, you must file Form ESA. Attach Form ESA when you file your 2004 income tax return.

		Jan. 1 - Mar. 31 1st Period 2004	Jan. 1 - May 31 2nd Period 2004	Jan. 1 - Aug. 31 3rd Period 2004	Jan. 1 - Dec. 31 4th Period 2004
1. Montana AGI for the period as shown	1.				
2. Annualization amounts	2.	4	2.4	1.5	1
3. Multiply line 1 by line 2 (annualized income)	3.				
4. Itemized deductions for each period (see below)*	4.				
5. Annualization amounts	5.	4	2.4	1.5	1
6. Multiply line 4 by line 5	6.				
7. Standard deduction (see worksheet on back)**	7.				
8. Enter larger of line 6 or line 7	8.				
9. Subtract line 8 from line 3	9.				
10. Multiply \$1,780 x number of exemptions	10.				
11. Subtract line 10 from line 9	11.				
12. Tax on amount on line 11, use tax table on Form ESW	12.				
13. Tax on lump sum distribution	13.				
14. Add lines 12 and 13	14.				
15. Tax credits for each period	15.				
16. Line 14 less line 15. This is your total tax	16.				
17. Applicable percentage	17.	22.5% (.225)	45% (.45)	67.5% (.675)	90% (.90)
18. Multiply line 16 by line 17	18.				
19. Add amounts in all preceding columns of line 25a	19.				
20. Annualized income installment. Subtract line 19 from line 18. If less than zero, enter zero	20.				
21. Divide line 7 of Form ESW (Estimate Worksheet) by four (4) and enter result in each column	21.				
22. Enter amount from line 24 of preceding column	22.				
23. Add lines 21 and 22	23.				
24. If line 23 is more than line 20, subtract line 20 from line 23, otherwise enter zero	24.				
25a. Enter the smaller of line 20 or line 23	25a.				
25b. Actual 2004 withholding for each period	25b.				
25c. Subtract line 25b from 25a. This is your required estimated tax payment for each quarter	25c.				

* 4. Enter your estimated 2004 itemized deductions for each period which include items such as contributions, medical, and dental expenses.

**7. The standard deduction is 20% of line 3, subject to the following limitations:

Single: No less than \$1,480; no more than \$3,330
 Married or head of household: No less than \$2,960; no more than \$6,660

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).



Standard Deduction Worksheet

A standard deduction worksheet must be completed for each period.

1. Enter amount from line 3 of Form ESA for applicable period. 1. _____
2. Enter 20% of line 1. 2. _____
3. Enter the amount from below that corresponds to your filing status:
Single or separate (filing status 1,3,4, or 5) \$3,330
Joint or head of household (filing status 2 or 6) \$6,660 3. _____
4. Enter the amount from line 2 or line 3, whichever is smaller. 4. _____
5. Enter the amount from below that corresponds to your filing status:
Single or separate (filing status 1,3,4 or 5) \$1,480
Joint or head of household (filing status 2 or 6) \$2,960 5. _____
6. Enter the amount from line 4 or line 5, whichever is larger.
This is your standard deduction.
Transfer this amount to line 7, Form ESA for applicable period. 6. _____

Part IV Annualized Income Installment Method Worksheet — Complete lines 29 through 53 only if computing installments using annualized income installment method.

Complete each column beginning with Column A through line 53 before completing the next column.

	A	B	C	D
	1/1/03 to 3/31/03	1/1/03 to 5/31/03	1/1/03 to 8/31/03	1/1/03 to 12/31/03
29. Montana adjusted gross income for the period. 29.				
30. Annualization amounts. 30.	4	2.4	1.5	1
31. Annualized income. Multiply line 29 by line 30. 31.				
32. *Enter your itemized deductions for the period shown. 32.				
33. Annualization amounts. 33.	4	2.4	1.5	1
34. Multiply line 32 by line 33. 34.				
35. **Enter the full amount of your standard deduction. 35.				
36. Enter the larger of line 34 or line 35. 36.				
37. Subtract line 36 from line 31. 37.				
38. Multiply \$1,780 by number of exemptions. 38.				
39. Subtract line 38 from line 37. 39.				
40. Figure the tax on the amount on line 39 using the tax table below. 40.				
41. Tax on lump sum distributions. 41.				
42. Add lines 40 and 41. 42.				
43. Enter tax credits for each period. 43.				
44. Subtract line 43 from line 42. 44.				
45. Applicable percentage. 45.	22.5%	45%	67.5%	90%
46. Multiply line 44 by line 45. 46.				
47. Add the amounts in all preceding columns of line 53. 47.	-0-			
48. Subtract line 47 from line 46. If less than zero enter zero. ... 48.				
49. Divide line 6, Part I of this form, by four (4) and enter the result in each column. 49.				
50. Enter the amount from line 52 of the preceding column of this worksheet. 50.				
51. Add lines 49 and 50 in each column and enter the result. 51.				
52. If line 51 is more than line 47, subtract line 48 from line 51. Otherwise, enter zero. 52.				
53. Enter the smaller of line 48 or line 51 here and on line 14 of Part III. 53.				

*If you do not itemize deductions, enter zero.

** The standard deduction is 20% (.20) of line 31, subject to the following limitations:

Single or separate: No less than \$1,480; no more than \$3,330

Married or head of household: No less than \$2,960; no more than \$6,660

Tax Table

If Taxable Income is:				If Taxable Income is:					
Over	But not over	Multiply by	and Subtract	= Tax	Over	But not over	Multiply by	and Subtract	=Tax
\$ 0	\$ 2,200	X 2 %	\$ 0		\$ 17,800	\$ 22,200	X 7 %	\$ 466	
\$ 2,200	\$ 4,400	X 3 %	\$ 22		\$ 22,200	\$ 31,100	X 8 %	\$ 688	
\$ 4,400	\$ 8,900	X 4 %	\$ 66		\$ 31,100	\$ 44,500	X 9 %	\$ 999	
\$ 8,900	\$ 13,300	X 5 %	\$ 155		\$ 44,500	\$ 77,800	X 10 %	\$ 1,444	
\$ 13,300	\$ 17,800	X 6 %	\$ 288		\$ 77,800		X 11 %	\$ 2,222	

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. ☎

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).

2004 Montana Individual Estimated Income Tax Worksheet

Keep for Your Records

Note: You may use your 2003 tax liability from line 54 of Form 2 or line 31 of Form 2S to estimate your 2004 tax. If you choose this method, skip lines 1 through 6 and enter your 2003 tax liability on line 7 below.

See instructions on back of coupons

1. Enter total amount of Montana adjusted gross income expected in 2004 1. _____
2. Enter estimated amount of
 - a. 2004 itemized deductions or standard deduction.* 2a. _____
 - b. Enter 2003 exemption amount, \$1,780 for each allowable exemption. 2b. _____
 Total of 2a and 2b 2. _____
3. Subtract line 2 from line 1. If zero or less, stop here. You are not subject to estimated tax. Do not send in coupons. 3. _____
4. Tax
 - a. Figure tax on the amount on line 3 by using the tax table on back 4a. _____
 - b. Lump Sum Distribution Tax (10% of Federal Lump Sum Distribution Tax) 4b. _____
 Total of 4a. and 4b 4. _____
5. Credits against tax. **Do not** include income tax withholding on this line 5. _____
6. Subtract line 5 from line 4 6. _____
7. a. Multiply line 6 by 90% 7a. _____
 - b. Enter 100% of the tax shown on your 2003 tax return (line 54 of your 2003 Form 2 or line 31 of your 2003 Form 2S) 7b. _____
 Enter the smaller of line 7a or 7b. (If unable to compute through 7a enter the amount from line 7b.) 7. _____
8. a. Calculate the amount of Montana individual income tax to be withheld in 2004. Examples include withholding on wages, pensions, annuities, withholding from pass through entities, etc. 8a. _____
 - b. Amount of your 2003 overpayment applied to 2004 tax 8b. _____
 - c. Enter your calculated Elderly Homeowner/Renter Credit for 2004 8c. _____
 Total of 8a, 8b, and 8c 8. _____
9. Subtract line 8 from line 6. If less than \$500, stop here. You are not subject to estimated tax. If \$500 or more subtract line 8 from line 7, then enter that amount on line 9 and continue to line 10 9. _____

Payment Due Dates ⇨

10. Divide the amount on line 9 by four (4). Enter the result in columns a, b, c and d on line 10. 10.
11. Annualized income installment (Please request Form ESA from the department) Enter amount from line 25c of Form ESA on this line. 11.
12. Enter the amount from line 10 or line 11, whichever applies. This is the payment due for each installment period. 12.

	a	b	c	d
	April 15, 2004	June 15, 2004	Sept. 15, 2004	Jan. 15, 2005
10.				
11.				
12.				

*20% of line 1, but not more than \$3,330 if single or separate, \$6,660 if filing joint or head of household.

Form IT-EST

Montana Individual Income Tax Payment Coupon

Please use this coupon to ensure proper credit of your payment

Name _____

Telephone _____



Estimated Tax

Year Ending Date

month	day	year
1	2	3
1	2	0
0	4	

1. Social Security Number

--	--	--	--	--	--	--	--

2. Amount Paid

--	--	--	--	--	--	--	--

cents

General Information

Purpose

Use this package to calculate and pay your estimated individual income tax. Estimated tax is the method used to pay tax on income that is not subject to withholding. Examples are income from self-employment, interest, dividends, rents, alimony, royalties, etc. Follow these steps.

- Read the instructions in this packet.
- Complete the worksheet on front.
- Complete an estimated tax coupon (enclosed) if you are required to pay estimated tax.
- Keep a record of your payments.

Who must pay estimated tax?

In most cases, you must make estimated tax payments for tax year 2004 if you expect to owe at least \$500 after subtracting any withholding and credits you may have.

If you are required to pay estimated taxes, you must file estimated tax coupons and pay at least the smaller of:

- 100% of your 2003 Montana tax liability (line 54 of Form 2 or line 31 of Form 2S), or
- 90% of your 2004 Montana income tax liability.

Who does not have to pay estimated tax?

Payment of estimated tax is not required if:

- your 2003 tax period covered 12 months and your Montana tax liability was zero, or
- you were not required to file a 2003 Montana tax return, or
- in 2004 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or
- in 2004 you became disabled, or
- at least 2/3 of your gross income is derived from farming or ranching operations or both, (note: Montana has no "lookback" provision) or
- the taxpayer died in 2004 (however, estates are subject to the estimated tax requirements), or
- the tax liability is less than \$500 after credits and/or withholding.

Nonresidents and part-year residents

- Nonresidents and part-year residents who are not required to file a Montana individual income tax return are not required to file estimated tax.
- Nonresidents and part-year residents are required to make estimated

tax payments if they expect to owe at least \$500 after subtracting withholding and allowable credits.

Complete the Form-IT Payment Coupon below if you are remitting a payment. Do not type your numbers or use dollar signs. Please print your numbers in the blocked areas like this:

									cents	
1	2	3	4	5	6	7	8	9	0	

Penalty for underpayment

An underpayment penalty will be assessed if you fail to make required estimated tax payments.

When to pay your estimated tax

Calendar Year Taxpayers

You may prepay all of your estimated tax for tax year 2004 by April 15, 2004, or in four equal amounts by the dates below.

2004 Estimated Payment Schedule:

First payment	—	due April 15, 2004
Second payment	—	due June 15, 2004
Third payment	—	due Sept. 15, 2004
Fourth payment	—	due Jan. 15, 2005

If the installment due date falls on a holiday, payment is due on the next working day.

Fiscal Year Taxpayers

Due dates for fiscal year filers are the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

A penalty will not be imposed on any underpayment of the fourth installment if you pay in full the amount computed on the return as payable and file the return on or before the last day of the first month following the close of the tax year.

Mail to:

Department of Revenue
PO Box 6308
Helena, MT 59604-6308

Do not use these coupons to pay your current tax liability.

For Tax Help: (406) 444-6900 or TDD (Telephone Device for the Deaf) (406) 444-2830. ☎

TaxTable

If Taxable Income is:					If Taxable Income is:				
Over	But not over	Multiply by	and Subtract	= Tax	Over	But not over	Multiply by	and Subtract	=Tax
\$ 0	\$ 2,200	X 2 %	\$ 0		\$ 17,800	\$ 22,200	X 7 %	\$ 466	
\$ 2,200	\$ 4,400	X 3 %	\$ 22		\$ 22,200	\$ 31,100	X 8 %	\$ 688	
\$ 4,400	\$ 8,900	X 4 %	\$ 66		\$ 31,100	\$ 44,500	X 9 %	\$ 999	
\$ 8,900	\$ 13,300	X 5 %	\$ 155		\$ 44,500	\$ 77,800	X 10 %	\$ 1,444	
\$ 13,300	\$ 17,800	X 6 %	\$ 288		\$ 77,800		X 11 %	\$ 2,222	

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

Instructions for Form ESW

Complete Form ESW to ensure your 2004 estimated tax is as accurate as possible to avoid penalties.

Note: You may use your 2003 Montana tax liability to estimate your 2004 tax. If you choose this method, skip lines 1 through 6 and enter your 2003 tax liability (line 54 of Form 2 or line 31 of Form 2S) on line 7 on Form ESW.

Line 1. Enter your calculated 2004 Montana adjusted gross income. Montana adjusted gross income is your 2004 Federal adjusted gross income plus or minus any Montana adjustments to income.

Line 2-4. Enter information and calculate, as stated.

Line 5. Enter your calculated 2004 credits against tax. Examples are credit for elderly care, college contribution credit and tax paid to other states.

Line 8.

a. Use your 2004 paycheck or pension check stubs received to date to estimate your total 2003 withholding. You may also include Montana state tax paid on your behalf by a pass-through entity.

b. Enter any 2003 overpayment carried to 2002 that was not refunded to you.

c. If you qualify for the Elderly Homeowner/Renter Credit (Form 2EC), enter the anticipated amount of credit. If this credit was claimed in 2003, you may want to use the same figures if no major changes in 2004 income are expected.

Line 9. Subtract 2004 withholding and credits on line 8 from your estimated 2004 tax liability on line 7. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 8 from line 7 to determine the total amount you must pay. Enter this amount on line 9 and complete the remainder of the worksheet.

Lines 10, 11 and 12. Calculate your payments for each installment. If your tax situation changes, each succeeding installment must be proportionally changed so that the balance of the estimated payment requirement is paid in equal installments over the remaining period.

If the installment due date falls on a holiday, payment is due on the next working day.

Mail to:

Department of Revenue
PO Box 6308
Helena, MT 59604-6308

Extension Payment Worksheet

Instructions on back
15-30-144, MCA

For calendar year 2003 or fiscal year beginning ____2003. Do not mail this worksheet in with your check and payment coupon.

Last name	First name and middle initial	Social Security No.
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This Section Must Be Completed			
1. 100% of 2002 tax liability, as reported on line 53 of 2002 Form 2 or line 31 of 2002 Form 2S	1.		
2. Total tax liability for 2003 as entered on line 55, Form 2, or line 31 of Form 2S (If unable to calculate 2003 tax, enter amount from line 1 above on line 4, then go to line 5)	2.		
3. Enter 90% of line 2	3.		
4. Enter the lesser of line 1 or 3	4.		
5. 2003 Montana income tax withheld	5.		
6. 2003 Montana estimated tax payments/2002 overpayment credited to 2003	6.		
7. 2003 Elderly Homeowner/Renter Credit (2EC)	7.		
8. Add lines 5, 6 and 7. This is your total tax credits.	8.		
9. Subtract line 8 from line 4 - If line 8 is greater than line 4, enter zero. If line 8 is less than line 4, you <u>owe</u> this amount on or before April 15, 2004	9.		

If you have more than \$1 on line 9, complete the coupon below and mail with your payment to: Montana Department of Revenue, PO Box 6308, Helena, MT 59604-6308

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).

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Form IT-EXT

Montana Individual Extension Payment Coupon

Please use this coupon to ensure proper credit of your payment. Also, write your social security number and tax year on your check. Use black or blue ink to fill out boxes below.

Name _____

Telephone # _____

month day year

□	□	□	□	□	□
---	---	---	---	---	---

Year Ending Date

□	□	□	□	□	□	□	□
---	---	---	---	---	---	---	---

Social Security Number

□	□	□	□	□	□	□	□	□	□
---	---	---	---	---	---	---	---	---	---

Amount Paid

cents

□	□	□	□	□	□	□	□	□	□
---	---	---	---	---	---	---	---	---	---

X

Use for Extension Payment Only.

NOT SCANNABLE

Interest on returns filed with an extension

- A valid extension to file your return does not relieve you from interest on tax balances due that are paid after the due date of the return.
- Interest is assessed at a rate of 1% per calendar month, beginning on the due date of the return and continuing until the tax due has been paid.

Avoiding a late pay penalty

- This payment and coupon must be postmarked on or before April 15, 2004.
- You must check the extension box located below line 70 and attach a copy of your federal extension to your Montana income tax return (Form 2) for calendar year 2003.
- For the additional two month extension, attach a copy of your Federal Form 2688 to your Montana return.
- Fiscal year filers must pay on or before the 15th day of the fourth month after the close of the fiscal year.

If the above requirements are not met, a late payment penalty will be assessed when you file your return. The penalty is 1.5% per month (or fraction of a month) on the amount required to be paid on this form. The penalty may not exceed 18%.

Mail payment and coupon to:

Montana Department of Revenue
PO Box 6308
Helena, MT 59604-6308



Montana Farm and Ranch Risk Management Account

Annual Reporting Information

15-30-601, MCA

See instructions on back

Name (as shown on Form 2)	SSN (as shown on Form 2)
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Account Information

Grantor name _____ FEIN or SSN _____

Trustee:

 Name _____

 Address _____

 Account Number _____

Deposits

Deposits are considered made for the specific tax year if made during the tax year or designated for the specific tax year and made within 3½ months after the close of the tax year.

Date	Deposit	Date	Deposit
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Deposits			_____

Deductions

1. Net income attributable to agricultural business 1. _____

2. Enter 20% (.20) of line 1 2. _____

3. Enter the total amount of deposits from above 3. _____

4. Enter the lesser of line 2 or line 3, but not more than \$20,000.
Enter this amount on Form 2, line 26. 4. _____

Distributions

Date	Total Amount	Taxable Amount	NonTaxable Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Distributions	_____	_____	_____

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).

Instructions

An individual or a family farm corporation who has an eligible agricultural business may establish a Montana farm and ranch risk management account and exclude up to \$20,000 annually from adjusted gross income deposits made into this account.

To qualify for this deduction the “eligible agricultural business” must be for the production of food, feed, and fiber commodities, livestock and poultry, bees, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes. Eligible agricultural business also means the raising of domestic animals and wildlife in domestication or a captive environment along with silviculture.

Account Information

- Grantor name and identification number: Provide the legal name and identification number of the grantor of the farm and ranch risk management trust created.
- Trustee: Provide the name and address of the trustee.
- Account number: Provide the account number assigned to the trust.

Deposits

- List all deposits and dates of each deposit made for the specific tax year.
- Deposits for a specific tax year can be made during the tax year or within 3½ months after the close of the tax year.
- The trustee can not accept any deposits for a specific year in excess of the allowable deduction.
- Assets of the trust must be cash or obligations that adequately state interest and pay interest at least annually.
- Assets of the trust can not be commingled with other property except in a common trust fund or common investment fund.

Deductions

- Net income attributable to agricultural business is the total net farm income reported on Federal Schedule F; net farm rental income reported on Federal Schedule 4835, or the Federal Form 4797 gain from the sale of draft, breeding, dairy or sporting livestock.
- If the deduction is for a family farm corporation the amount of net income attributable to agricultural business is allocated based on your distributive share of the income from the entity.
- There is no carryover provisions allowed. The deduction cannot be greater than 20% of your net income attributable to agricultural business.

Distributions

- Deposits must be distributed within five years.
- Deposits distributed within six months of the date of the deposit are income in the year the associated deduction was taken. You may need to file an amended return to report this distribution.
- Amounts not distributed within the five-year eligibility period are considered distributed on the last day of the fifth year the deposit is made. This distribution is taxable income and is assessed a penalty of 10% of the tax due on this amount.
- If at anytime within the five-year period you become disqualified because you are not engaged in an eligible agricultural business, the balance in the trust account is considered distributed and included in income.

Montana First-time Home Buyer Savings Account

For more information regarding the first-time home buyer savings account, please access website <http://www.montana.edu/wwwpb/pubs/mt9918.html>.

Qualifying taxpayers may exclude contributions made to accounts established specifically to pay eligible costs associated with the purchase of a taxpayer's first home. A qualifying taxpayer (first-time home buyer) is an individual who has never owned or purchased under contract for deed, either individually or jointly, a single-family residence in Montana or out-of-state. Eligible costs include the down payment and allowable closing costs for the purchase of a single-family residence in Montana by a first-time home buyer.

The maximum exclusion per year, per individual is \$3,000. Contributions in excess of \$3,000 may be claimed as a reduction from Montana adjusted gross income in subsequent tax years, however, the maximum contribution deduction allowed in any one tax year is \$3,000.

Married couples may each claim a first-time home buyer savings account reduction of up to \$3,000 if they maintain separate accounts. Jointly held accounts do not qualify as first-time home buyer accounts, unless husband and wife file jointly (both using the same column of the tax return) for Montana tax purposes.

In addition to deducting up to \$3,000 in contributions to a first-time home buyer savings account, interest earned on the principal amount in an account is excludable from Montana adjusted gross income. Interest on excess contributions carried over to subsequent years is not deductible until the excess contribution is considered first-time home buyer funds and excluded from adjusted gross income.

No first-time home buyer reductions are allowed after a home is purchased. Any funds remaining in an account after a home is purchased must be included in Montana adjusted gross income in the year the home is purchased. Funds remaining in an

account after the purchase of a home are not includable in Montana adjusted gross income if the funds were not claimed as a first-time home buyer reduction.

First-time home buyer savings accounts are self-administered and can be established with any financial or investment institution. The account must be a new account established in the first year the reduction is claimed. The account cannot be used for any purpose other than for paying qualifying expenses related to the purchase of a first home qualifying for the first-time home buyer provision.

If, after 10 years of making contributions to an account, a taxpayer has not purchased a home, funds in a first-time home buyer savings account will become subject to Montana income tax as ordinary income.

Withdrawals from first-time home buyer savings accounts used for purposes other than qualifying first-time home purchase expenses are subject to state taxation as ordinary income and are also subject to a 10% withdrawal penalty. Money withdrawn from an account on the last business day of the tax year is not subject to the 10% penalty, however it is subject to state taxation.

Taxpayers claiming this exclusion must attach the following to their tax return each year.

- Copies of all account statements (monthly, quarterly, annual) from the financial or investment institution where the account is maintained
- A completed Form FTB

For the year in which a home is purchased, taxpayers claiming the first-time home buyer savings account reductions must also attach copies of the buy/sell agreement and the closing statement for the purchased home to their tax return.

Additionally, upon the Department of Revenue's request, account holders must be able to provide verification that all withdrawals from an account were used to pay qualifying expenses associated with the purchase of a first home.



First-time Home Buyer Savings Account Penalty Calculation For Self-Administered Individual Accounts 15-63-203, MCA

Taxpayer Information

Name _____ Social Security Number _____

Account Information

First-time home buyer savings account number _____

Financial institution where account is held _____

Address of financial institution _____

If you have a first time home buyer account, you must file your Montana income tax return using Form 2 (long form). All nonqualifying withdrawals from your self-administered first time home buyers account (FTB), must be included as income on line 23 of Form 2.

If you made withdrawals from your first time home buyer account that were not used for the purchase of your first home, including withdrawals made on the last business day of the tax year, you must complete the worksheet below. Nonqualifying withdrawals, other than those made on the last business day of the tax year, are subject to a 10% penalty.

1. Enter the total from column D of Montana Form FTB. This amount must also be reported on line 23 of Montana Form 2 (long form). 1. _____
2. Enter withdrawals included in column D of Form FTB were made on the last business day in December 2003. 2. _____
3. Subtract amount on line 2 from amount on line 1. 3. _____
4. Multiply amount on line 3 by 10% (.10). This is your penalty. Enter this amount on line 49 of Montana Form 2 and write "FTB" in the space provided on line 49. 4. _____

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).



Disability Insurance For Uninsured Montanans Credit

Credit available to certain employers who make disability insurance available to employees

15-30-129 and 15-31-132, MCA

Instructions on back

Name (as shown on Form 2 for Individuals and Form CLT-4 for Corporations)	FEIN
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Part I

- Have you been in business in Montana for at least 12 months? _____ Yes _____ No
 - Do you employ 20 or fewer employees working at least 20 hours per week? _____ Yes _____ No
 - Do you pay at least 50% of each Montana employee's insurance premium? _____ Yes _____ No
- If you answer no to any of the above questions, do not complete this form. You do not qualify for the credit.

Part II

The credit is limited to a maximum of 10 employees.

Employee	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
	Monthly Premium Amount	% of Premiums Paid by Employer		Multiply Column 2 X Column 3	Number of Months Each Employee Insured	Multiply Column 1 X Column 5	Multiply Column 4 X Column 5
1.			\$25				
2.			\$25				
3.			\$25				
4.			\$25				
5.			\$25				
6.			\$25				
7.			\$25				
8.			\$25				
9.			\$25				
10.			\$25				

Total

1. Multiply total of column 6 by 50% (.50)..... \$ _____
2. Enter total from column 7..... \$ _____
3. Enter the smaller of line 1 or line 2. This is your credit. For individuals enter this amount on Form 2A, Schedule II. For corporations enter this amount on Form CLT-4, Schedule C..... \$ _____

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).

Special Instructions

- This credit applies to disability insurance as defined in 33-1-207, MCA.

Disability insurance. Disability insurance, including credit disability insurance, is insurance of human beings

- against bodily injury, disablement, or death by accident or accidental means or the medical expense or indemnity involved, or
- against disablement or medical expense or indemnity resulting from sickness.

Transactions of disability insurance does not include workers' compensation insurance.

- Disability insurance in Montana includes, in general terms, any insurance plan offered by an insurance company that provides such coverage as, personal health, disablement, death, medical expenses or indemnity of such, to a human being. Workers' compensation is not considered disability insurance.
- To qualify for this credit the business must
 - be located in Montana,
 - be in existence for at least 12 months,
 - employ no more than 20 employees working at least 20 hours a week, and
 - pay at least 50% of each employee's insurance premiums.
- If you are claiming this credit you may be asked by the Department of Revenue to provide documentation from your insurance company that the premiums meet the qualifications of the Small Employer Health Insurance Availability Act.
- The credit allowed cannot be carried back or forward. The credit may only be used to offset tax liability.
- Premiums paid by a small business corporation or partnership qualify for the credit. The credit is attributed to the shareholders or partners using the same proportion used to report income or loss for Montana tax purposes.
- The credit may not be claimed for a period of more than 36 consecutive months and cannot be granted to an employer or its successor within 10 years of the last consecutive credit claimed.
- Non-taxable distributions are distributions not excluded from adjusted gross income in the year of the deposit, or distributions which have already been taxed if not distributed within the five year eligibility period.

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





Native American Indian Certification

This form must be completed every year.

This is to certify the record of _____
Tribe

at _____, Montana, shows _____
City Tribal member

is an enrolled member of the tribe and possesses all the rights of membership equivalent to any other member.

Social Security No. _____

Enrollment No. _____
Authorizing Officer Date

I declare that I am a full tribal member, enrolled, residing and earning all income for which I claim an exemption on the reservation of the above named tribe.

Tribal Member Date

Indian Reservation Income

Native American Indians who do not reside and work on the reservation of the tribe in which they are enrolled will be subject to Montana tax on all income whether earned on or off the reservation.

Native American Indians working in Montana are required to file a Montana tax return even if the income earned is exempt from Montana tax.

Any loss incurred on the reservation cannot be used to offset taxable income. Certification of enrollment (Form IND) and proof the income was earned on the reservation must be attached to the return each year.

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

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).