



# 2005 Montana Partnership Information and Composite Tax Return

**P**  
MONTANA  
PR-1  
Rev. 9-05

Attach a copy of federal Form 1065 and Schedule K-1(s)

For calendar year 2005 or tax year beginning (MM-DD) \_\_\_ - \_\_\_ - 05 and ending (MM-DD-YY) \_\_\_ - \_\_\_ - \_\_\_

Name			Check box if this is a change of address. <input type="checkbox"/>	FEIN: _____
Address			Federal Business Code: _____	
City	State	Zip + 4	Date Registered in Montana: _____	

- Check here, if you do not need the Montana Partnership Information Return and Instructions sent to you next year.
- Check here, if you are filing Schedule V, Backup Withholding Payments with this return.

<input type="checkbox"/> Check if this an initial return	<input type="checkbox"/> Check here if this is an amended return	
<input type="checkbox"/> Check if this is a final return	If you check the box above, check all that apply below:	
Reason for final return	a. Federal Revenue Agent Report (a complete copy of this report is required)	a. <input type="checkbox"/>
a. Withdrawn a. <input type="checkbox"/>	b. Apportionment factor changes (attach a statement explaining adjustments)	b. <input type="checkbox"/>
b. Dissolved b. <input type="checkbox"/>	c. Amended federal return	c. <input type="checkbox"/>
c. Merged c. <input type="checkbox"/>	d. Amended composite return	d. <input type="checkbox"/>
d. Reorganized d. <input type="checkbox"/>	e. Other (attach a statement explaining all adjustments in detail)	e. <input type="checkbox"/>

## Partners' Shares of Income (Loss) (Form 1065, Schedule K)

### Partner's Distributive Share Items

1. Enter ordinary business income (loss).....	1.	
2. Enter net rental real estate income (loss) (attach federal Form 8825).....	2.	
3. a. Enter other gross rental income (loss).....	3a.	
b. Enter expenses from other rental activities (attach schedule).....	3b.	
c. Subtract line 3b from line 3a. <b>This is your other net rental income or loss.</b> .....	3c.	
4. Enter guaranteed payment.....	4.	
5. Enter interest income.....	5.	
6. Enter ordinary dividends.....	6.	
7. Enter royalties.....	7.	
8. Enter net short-term capital gain (loss) (attach federal Schedule D, Form 1065).....	8.	
9. Enter net long-term capital gain (loss) (attach federal Schedule D, Form 1065).....	9.	
10. Enter net section 1231 gain (loss) (attach federal Form 4797).....	10.	
11. Enter other income (loss).....	11.	
12. Add lines 1 through 11 and enter result. <b>This is your total share of income or loss.</b> .....	12.	

## Partners' Shares of Deduction (Form 1065, Schedule K)

13. Enter section 179 deduction (attach federal Form 4562).....	13.	
14. a. Enter contributions.....	14a.	
b. Enter investment interest expense.....	14b.	
c. Enter section 59(e)(2) expenditures Type _____ Amount →	14c.	
d. Enter other deductions (attach schedule).....	14d.	
15. Add lines 13 through 14d and enter result. <b>This is your total share of deductions.</b> .....	15.	

## Partners' Distributive Shares of Montana Additions and Exclusions to Income

16. a. Enter interest and dividends not taxable under the Internal Revenue Code (non-Montana).....	16a.	
b. Enter taxes based on income or profits.....	16b.	
c. Enter other additions (attach detailed breakdown).....	16c.	
Add lines 16a, 16b, and 16c and enter result. <b>This is your total Montana additions to income.</b> .....	16.	
17. a. Enter interest on U.S. Government obligations (attach schedule.).....	17a.	
b. Enter deduction for purchasing recycled material (attach Form RCYL).....	17b.	
c. Enter other deductions (attach detailed breakdown.).....	17c.	
Add lines 17a, 17b, and 17c and enter result. <b>This is your total Montana deductions to income.</b> .....	17.	
18. Subtract line 15 from line 12. Add the result to line 16, then subtract line 17 from that result.....	18.	

## Partners' Distributive Shares of Multi-state Apportionment and Allocation

19. Multi-state taxpayers: Enter line 18 X _____ % from Montana Schedule I, line 5. ....	19.	
20. Multi-state taxpayers should enter here their income or loss that they allocate directly to Montana.....	20.	

**Calculation of Net Amount Due**

**Partnership Information Return Late Filing Penalty Payment**

21. Enter your partnership late filing penalty (see instructions)..... 21.

**Partnership Composite Income Tax Calculation**

22. Enter your Montana total composite tax (from Schedule IV, column J) ..... 22.

**Payments**

23. a. Enter your 2004 overpayment applied to 2005 ..... 23a.   
 b. Enter your 2005 extension payment ..... 23b.   
 c. Enter your 2005 estimated tax payments ..... 23c.   
 d. Enter other payments ..... 23d.   
 e. Enter previously issued refunds ..... 23e. (  )  
 Add lines 23a through 23e and enter result. **This is the total of your payments.**..... 23.

**Refund or Amount Owed**

24. Subtract line 23 from line 22 and enter result. **This is your net Montana composite tax due (refund).** ..... 24.   
 25. Enter your underpayment interest (see instructions.) ..... 25.   
 26. Enter your late filing penalty ..... 26.   
 27. Enter your late payment penalty ..... 27.   
 28. Enter your interest from due date at 12% per year, accrued daily. .... 28.   
 29. Add lines 24 through 28 and enter result. **This is your net Montana composite amount due (refund).** 29.

**Partnership Combined Payment Due (Refund)**

30. Add lines 21 and 29 and enter result. **This is your total tax and penalties due (refund).**..... 30.   
 31. Enter the amount on line 30 to be applied to 2006 estimate. .... 31.   
 32. Add lines 30 and 31 and enter result. **This is your total net composite tax and penalty due (refund).** . 32.

**Partnership Backup Withholding Payment from Schedule V**

33. Enter Montana corporation license tax withheld (from Schedule V, column E) .. 33.   
 34. Enter Montana individual income tax withheld (from Schedule V, column F) .... 34.   
 35. Enter payments previously made for tax withheld ..... 35. (  )  
 36. Add lines 33 and 34, then subtract line 35 from the result. **This is your total partnership backup withholding due.** ..... 36.   
 37. Add lines 32 and 36 and enter result. **This is your net amount due.** ..... 37.

This return has to be signed by a general partner or limited liability company member.

**Declaration**

I, the undersigned general partner or limited liability company member 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
Print name	Title	Telephone number, ext.
Name of person or firm preparing return		Date
Preparer's identification number		Telephone number

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

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

Reporting of Special Transactions	Transaction
<p>Complete this section only if you were required to complete for federal income tax purposes any of the federal forms described below. Check the appropriate box indicating which form(s) were required to be filed with your federal income tax return. If your answer is "yes" to any of these questions, you will need to attach a copy of the applicable federal form.</p>	<p>Check "yes" if you are required to file any of the following forms with the Internal Revenue Service.</p>
<p><b>1. I am required to file federal Form 8264 – Application for Registration of a Tax Shelter with the Internal Revenue Service.</b></p> <p>Form 8264 is required to be filed to register a tax shelter. Upon filing Form 8264, you receive a tax shelter registration number from the Internal Revenue Service. This tax shelter number is provided to investors in the tax shelter.</p>	<p>1. <input type="checkbox"/> YES</p>
<p><b>2. I am required to file federal Form 8271 – Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.</b></p> <p>Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p>2. <input type="checkbox"/> YES</p>
<p><b>3. I am required to file federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.</b></p> <p><b>NOTE: Check "yes" if your like-kind exchange includes Montana property. Nonresidents do not have to report a like-kind exchange if the properties involved do not include Montana property.</b></p> <p>Form 8824 is used to report each exchange of business or investment property for property of a like kind.</p>	<p>3. <input type="checkbox"/> YES</p>
<p><b>4. I am required to file federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.</b></p> <p>Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p>4. <input type="checkbox"/> YES</p>
<p><b>5. I am required to file federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.</b></p> <p>Form 8886 is used to disclose information for each reportable transaction in which you participated</p>	<p>5. <input type="checkbox"/> YES</p>
<p><b>6. I am required to file federal Form 13586 – Additional Information and Documentation for Announcement 2004-46, Settlement Initiative – 60-Day Response with the Internal Revenue Service.</b></p> <p>Form 13586 is required for each year that you derive a benefit from a Notice 2000-44 (or substantially similar) transaction.</p>	<p>6. <input type="checkbox"/> YES</p>

**Schedule I**

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Apportionment Factors for Multi-state Partnerships**

Enter amounts in columns A and B. Enter percentages in column C.

A. Everywhere	B. Montana	C. Factor
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**1. Property Factor:** Use average value for real and tangible personal property

a. Land .....		
b. Buildings .....		
c. Machinery .....		
d. Equipment .....		
e. Furniture and fixtures .....		
f. Leased property .....		
g. Inventories .....		
h. Supplies and other .....		
i. Property of foreign subsidiaries included in combined unitary group .....		
j. Property of unconsolidated subsidiaries included in combined unitary group .....		
k. Property of pass-through entities included in combined unitary group .....		
l. Multiply amount of rents by 8 and enter result. ....		
<b>Total Property Value</b> add lines 1a through 1l .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100.

**This is your property factor** ..... %

**2. Payroll Factor:**

a. Compensation of officers .....		
b. Salaries and wages .....		
Payroll included in:		
c. Costs of goods sold .....		
d. Repairs .....		
e. Other deductions .....		
f. Payroll of foreign subsidiaries included in combined unitary group .....		
g. Payroll of unconsolidated subsidiaries included in combined unitary group .....		
h. Payroll of pass-through entities included in combined unitary group .....		
<b>Total Payroll Value</b> add lines 2a through 2h .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100.

**This is your payroll factor** ..... %

**3. Sales (Gross Receipts) Factor:**

a. Gross sales, less returns and allowances		
b. Sales delivered or shipped to Montana purchasers:		
Shipped from outside Montana .....		
Shipped from within Montana .....		
c. Sales shipped from Montana to:		
the United States Government .....		
Purchasers in a state where the taxpayer is not taxable .....		
d. Sales other than sales of tangible personal property (i.e. service income).		
e. Less: Intercompany Sales .....	( )	( )
f. Net gains reported on federal Schedule D and federal Form 4797 .....		
g. Other gross receipts (rents, royalties, interest, etc.) .....		
h. Sales (receipts) of foreign subsidiaries included in combined unitary group .....		
i. Sales (receipts) of unconsolidated subsidiaries included in combined unitary group .....		
j. Sales (receipts) of pass-through entities included in combined unitary group .....		
k. Less: Other intercompany transactions .....	( )	( )
<b>Total Sales Value</b> add lines 3a through 3k .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100.

**This is your sales factor.** ..... %

**4. Add the percentages on lines 1, 2, and 3 in column C. This is the sum of your factors.** ..... %

**5. Divide the total percentage on line 4, column C, by the number of factors that can be included in the calculation. If there is a value in column A for a factor category (Property, Payroll, or Sales) you should include this factor as part of the calculation (see instructions). Enter the results here and also insert it in page 1, line 19 of Form PR-1. This is your apportionment factor.** ..... %

**Schedule II**

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Montana Partnership Tax Credits**

Type of Credit	Amount of Credit	
1. Enter Montana Dependent Care Assistance Credit ..... attach Form DCAC		
2. Enter Montana College Contribution Credit ..... attach Form CC		
3. Enter Health Insurance for Uninsured Montanans Credit ..... attach Form HI		
4. Enter Montana Recycle Credit ..... attach Form RCYL		
5. Enter Alternative Energy Production Credit ..... attach Form AEPC		
6. Enter Contractor’s Gross Receipts Tax Credit ..... attach supporting schedule		
7. Enter Alternative Fuel Credit ..... attach Form AF CR		
8. Enter Infrastructure Users Fee Credit		
9. Enter Qualified Endowment Credit ..... attach Form QEC		
<b>NEW</b> 9a. Enter Qualified Endowment Credit Recapture	(	)
10. Enter Historical Buildings Preservation Credit ..... attach federal Form 3468		
11. Enter Increase Research and Development Activities Credit ... attach Form RSCH		
12. Enter Mineral Exploration Incentive Credit ..... attach Form MINE-CRED		
13. Enter Developmental Disability Account Contribution Credit		
14. Enter Empowerment Zone Credit		
<b>NEW</b> 15. Enter Film Production Credit ..... attach Form FPC		
<b>NEW</b> 16. Enter Biodiesel Blending and Storage Credit ..... attach Form BBSC		
<b>NEW</b> 17. Enter Oilseed Crushing and Biodiesel Production Credit ..... attach Form OSC		
Add lines 1 through 17 and enter result. <b>This is the amount of your total credits.</b>		

Any credit allowed to a partnership has to be attributable to its partners using the same proportion that is used when it reported that partnership’s income or loss for Montana income tax purposes. Please provide a detailed breakdown that shows each partner’s share of the credit.

In order to receive these credits, all partners will have to attach their applicable credit forms to their individual income or corporation license tax returns.

**Schedule III**

Entity name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Montana Partnership Information**

Enter the total number of partners that own this partnership. \_\_\_\_\_

Columns E through H have to be filled out for all nonresident individual, foreign C. corporation, and eligible second-tier entity partners.

All Partners				Nonresident Partner Additional Information			
A	B	C	D	E	F	G	H
Name and address of partner (Name Street Address City   State   Zip Code )	Social Security Number OR Federal Employer Identification Number	Ownership %	Montana source income	Federal income from entity (from federal Schedule K-1)	Composite income tax (from Schedule IV, column J)	Partner withholding (from Schedule V, column E or F)	Consent agreement or statement (enter year signed)
1.	SSN						
	FEIN						
2.	SSN						
	FEIN						
3.	SSN						
	FEIN						
4.	SSN						
	FEIN						
5.	SSN						
	FEIN						
6.	SSN						
	FEIN						
7.	SSN						
	FEIN						
Column Totals							

Use additional sheets if necessary or you may create your own schedule if you use the exact same format used here.

**Schedule IV**

Entity name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Montana Partnership Composite Income Tax Schedule**

**Eligible Participating Partners:** An eligible participant is a partner who is a nonresident individual, a foreign C. corporation, or a pass-through entity whose only Montana source income for the tax year is from this entity and from other pass-through entities who have elected to file a composite return and pay a composite tax on behalf of the eligible participating partner. The entity must retain an executed power of attorney signed by the eligible participating partner, authorizing the partnership to file a composite return and act on the partner's behalf.

Enter the number of participating partners. _____	Enter below in columns A through J the required information and amounts for each eligible participating partner.								
A	B	C	D	E	F	G	H	I	J
Name	Social Security Number OR Federal Employer Identification Number	Federal income from entity	Standard deduction	Exemption \$1,900	Calculate Montana taxable income. Subtract column D from column C then subtract column E from the result.	Enter the appropriate tax from the tax table below.	Montana source income	Ratio. Divide column H by column C and enter result.	Montana composite income tax. Multiply G times I and enter result.
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
13.									
14.									
Column J Total									

Use additional sheets if necessary or you may create your own schedule if you use the exact same format used here.

Transfer the total from column J to PR-1, page 2, line 22.

<b>If Taxable</b>	<b>But not</b>					
<b>Income is Over</b>	<b>Over</b>	<b>Multiply by</b>	<b>and</b>	<b>Subtract</b>	<b>=</b>	<b>Tax</b>
\$ 0	\$ 2,300	X 1%		\$ 0		
\$ 2,300	\$ 4,100	X 2%		\$ 23		
\$ 4,100	\$ 6,200	X 3%		\$ 64		
\$ 6,200	\$ 8,400	X 4%		\$ 126		

<b>If Taxable</b>	<b>But not</b>					
<b>Income is Over</b>	<b>Over</b>	<b>Multiply by</b>	<b>and</b>	<b>Subtract</b>	<b>=</b>	<b>Tax</b>
\$ 8,400	\$ 10,800	X 5%		\$ 210		
\$ 10,800	\$ 13,900	X 6%		\$ 318		
\$ 13,900		X 6.9%		\$ 443		

**Schedule V**

Entity name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Pass-Through Entity Backup Withholding Schedule**

Enter the appropriate information below.

Total number of partners subject to Schedule V \_\_\_\_\_

Nonresident individual, foreign C. corporation and second-tier pass-through entity	Identification number		Income and backup withholding			
	A	B	C	D	E	F
Name and address	Social Security Number	Federal Employer Identification Number	Montana source income reported on Form PT-WH, line 1	Montana corporation tax withheld Multiply column D by 6.75% and enter result.	Montana individual tax withheld Multiply column D by 6.9% and enter result.	
1.						
2.						
3.						
4.						
5.						
6.						
7.						
Column totals (transfer to Form PR-1, page 2, lines 33 and 34)						
Add totals from column E and column F and enter the result here. <b>This is your total backup withholding.</b>						

Use additional sheets if necessary or you can create your own schedule if you use the exact format used here.





## 2005 Montana Income Tax Withheld for a Nonresident Individual, Foreign C. Corporation, or Second-Tier Pass-Through Entity

<b>Owner Information</b>	<b>Entity Information</b> Enter the information below as it appears on your most recent return filed with the Internal Revenue Service.
Name	Name
Street or Other Mailing Address	Street or Other Mailing Address
City                      State                      Zip Code	City                      State                      Zip Code
Social Security Number or Federal Employer ID Number	Federal Employer ID Number
1. Owner's Montana source income reflected on the pass-through entity's information return. .... \$ _____	<b>Check the box that describes the type of return that you filed.</b> <input type="checkbox"/> S. Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Disregarded Entity  Enter the beginning and ending dates of your taxable year. Tax year beginning (mm/dd)___/___/05, and ending (mm/dd/yy)___/___/___
2. Enter the amount of Montana tax withheld. If the owner is a nonresident individual or a second-tier pass-through entity, multiply line 1 by 6.9%. If the owner is a foreign C. corporation, multiply line 1 by 6.75%. .... \$ _____	

**This form is to be completed when the owner does not participate in submitting a composite return and does not submit a signed Montana Form PT-AGR or PT-STM.**

### Owner or Partner Instructions

#### What does a nonresident individual need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment against your Montana individual income tax liability. When you complete your Montana Individual Income Tax Return, Form 2, you should claim the amount in box 2 above as an estimated payment on line 59 of your 2005 Montana Form 2. Form PT-WH has to be attached to your Montana Form 2 when you claim this estimated payment.

#### What does a foreign C. corporation need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment against your Montana corporation license tax liability. When you complete your Montana Corporation License Tax Return, Form CLT-4, you should claim the amount in box 2 above as an estimated payment on line 11(b) for your 2005 Montana Form CLT-4. You will have to attach your Form PT-WH to your Montana Form CLT-4 when you claim this estimated payment.

#### What does a second-tier pass-through entity need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment on the account of the individual, estate, trust or C. corporation in which the Montana source income of the first-tier pass-through entity's income is directly or indirectly passed through. The amount withheld can be claimed as an estimated tax payment on the Montana return filed by the owners of the second-tier pass-through entity. This amount has to be allocated to the owners' based on the owners share of income or loss from the second-tier pass-through entity.

### Entity Instructions

#### What is the purpose of Form PT-WH?

A pass-through entity that has a nonresident individual, foreign C. corporation, or second-tier pass through entity owner at any time during the tax year has to remit amounts to the Department of Revenue on behalf of the owner as provided in 15-30-1113, Montana Code Annotated, if (1) the entity does not have a valid, currently effective tax agreement or statement from the owner and (2) the owner does not participate in filing a composite return with the entity.

#### How much should the pass-through entity withhold?

For a nonresident individual and a second-tier pass-through entity, the amount withheld is 6.9% of the Montana source income as reflected on your Montana information return. For a foreign C. corporation, the amount withheld is 6.75% of the Montana source income as reflected on your Montana information return.

#### Where does a pass-through entity report the amount that was withheld?

Transfer the amounts that you reported on lines 1 and 2 above to Form CLT-4S or PR-1, Schedule V. Send Form PT-WH to your owners. We do not require you to submit Form PT-WH to us with your information return.