

2006

Montana Elderly Homeowner/Renter Credit

MONTANA Form 2EC

File on or before April 16, 2007, alone or with your Form 2 or Form 2M

Amended Return checkbox and instructions

Personal information fields: Name, Social Security Number, Spouse's information, Home address, City, State, Zip+4

Part I Qualifications

- Qualification questions: I was age 62 or older as of December 31, 2006. I resided in Montana for 9 months or more during 2006. I occupied a Montana residence as an owner or renter for a total of 6 months or more during 2006. My gross household income was less than \$45,000 in 2006.

To qualify for this credit you will answer "yes" to all four statements above. A "no" answer means you are not eligible for this credit.

Part II Household Income

Household income calculation steps 1-8. Includes a table for standard exclusion with a value of \$6,300.

Part III Credit Computation

Credit computation steps 9-17. Includes a table for multiplier rates based on gross household income.

If your gross household income reported on line 6 is less than \$35,000, skip line 18 and enter the amount from line 17 on line 19 below.

Step 18: Enter multiplier based on gross household income.

Table with 4 columns: If the amount on line 6 is, then, Enter this percentage amount on line 18. Rows for income ranges: \$35,000 - \$37,500 (0.40), \$37,501 - \$40,000 (0.30), \$40,001 - \$42,500 (0.20), \$42,501 - \$44,999 (0.10), \$45,000 and over (0.00).

Step 19: Enter the amount from line 17, or where applicable, multiply line 17 by the percentage reported on line 18 and enter result here.

- Instructions for step 19: If you are filing Montana Form 2, enter on Form 2, Schedule V, line 27, the amount on line 19 above. If you are filing Montana Form 2M, enter on Form 2M, Schedule II, line 7, the amount on line 19 above. If you are not required to file Montana Form 2 or 2M, mail your Form 2EC separately to the Montana Department of Revenue, PO Box 6577, Helena, MT 59604-6577.

If you wish to use direct deposit, enter your RTN# and ACCT# below. See instructions.

RTN# and ACCT# input fields

- Checking
Savings

Name, address and telephone number of paid preparer

Preparer SSN or FEIN

May the DOR discuss this return with your tax preparer? Yes No Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

Signatures and dates: Your signature is required, Date, Daytime telephone number, Spouse's signature, Date

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

## Elderly Homeowner/Renter Credit Instructions

### What is the Montana elderly homeowner/renter credit and how can I determine if the credit is available to me?

The Montana elderly homeowner/renter credit is a property tax relief program that provides you with a refundable credit if you are age 62 or older, have resided in Montana for at least 9 months during the year, occupied a Montana residence for at least 6 months during the year, and your gross household income is less than \$45,000.

### How can I find out more about this credit?

If you need additional information on this credit or other tax issues, you can call us at (406) 444-6900 or TDD (406) 444-2830, or visit our website at [mt.gov/revenue](http://mt.gov/revenue).

### Since I am filing my income tax return electronically, do I have to submit a copy of my property tax bill or rent receipts?

If you are claiming this credit on your electronically filed return, please do not send us your property tax bill or rent receipts. When you file electronically, you represent that you have completed Form 2EC and have all the required documentation.

### Heading

Write your name, address, and social security number in the space provided. If you are married, enter your spouse's name and social security number. If either spouse is deceased during the claim year, enter the date of death in the appropriate box. If you are filing this credit with your Montana income tax return, Form 2 or Form 2M, enter the name, address and social security number as it appears on your Form 2 or Form 2M.

### Part I Qualifications

You will need to answer all four statements before you apply for your elderly homeowner/renter credit. If you answer "yes" to ALL of these statements, you are eligible for this credit and you should continue to complete this form. Any "no" answer means that you are not eligible for the credit.

- **Age 62 test** – If you are married and both spouses own or rent your residence, only one of you have to meet the age requirement.
- **Nine month test** – If you are the personal representative of the estate of an eligible individual who died during the year, you cannot claim this credit if that individual died before October 1, 2006. If you are married filing this return with your spouse, and if your spouse, who would have been the only eligible individual, dies before October 1, 2006, you cannot claim this credit. You can claim this credit only if, as a surviving spouse, you are age 62 or older and you can continue to answer yes to the remaining three questions.
- **Six month test** – You can answer "yes" to this question as long as you have occupied one or more residences as an owner and/or renter during the year.
- **Gross household income** – Your gross household income includes all income received by all individuals in the household.

### Part II Household Income

Enter on lines 1 through 5 your total household income. Your total household income is all the income received, taxable and nontaxable, by all individuals who live in your household. It includes federal adjusted gross income and the following items:

- Pension and annuity income (this includes railroad retirement and veterans' disability benefits)
- Any capital gains that you excluded from your Montana adjusted gross income
- Alimony and support payments
- Nontaxable strike benefits

- Cash public assistance and relief
- Interest on federal, state, county, and municipal bonds
- All social security payments except those paid directly to a nursing home
- Federal income tax refunds
- State income tax refunds and elderly homeowner/renter credits allowed

Some items above may involve a basis. If applicable, you may reduce your income by the basis. Do not reduce your household income by any losses that you included in your federal adjusted gross income.

### Part III Credit Computation

You will need to attach a copy of your 2006 property tax bill and/or your signed rent receipts.

**Line 9 – Property Tax Billed.** Your property tax billed is your November, 2006 property tax statement of taxes assessed against your home and it includes your special assessments and fees. Do not include any amounts assessed for prior years but paid during 2006.

You are allowed only the property tax billed on your primary residence and up to one-acre of land that is associated with this residence. If the one-acre farmstead or primary acre is not separately identified on your tax bill and if your ownership is less than 20 acres, you can calculate your credit by dividing the total amount of property tax billed on the land by the total acres in order to arrive at your property tax billed.

If your property tax bill is on property that you held in a revocable trust and if you are the grantor(s) and trustee(s) of that property, you can qualify for this credit. If your property taxes are billed to your living trust or life estate, you can qualify for this credit. Property tax that is billed to an irrevocable or family trust qualifies as rent only.

**Line 10 – Rent Equivalent Paid.** Your rent is only the amount of money that you paid to occupy your home. It does not include amenities such as meals, housekeeping, nursing care, etc.

If you live in a health care, long-term care, personal care or residential care facility, the rent allowed is the actual out of pocket rent that you paid. If the facility does not provide you with an adequate breakdown between your "rent" and "amenities", your rent is limited to \$20 a day and it cannot exceed \$7,300 a year.

<b>Household Income Reduction Table</b>					
If your household income on line 8 is:					
At least	But not more than	Your multiplier is	At least	But not more than	Your multiplier is
\$ 0	\$ 1,999	0.000	\$ 7,000	\$ 7,999	0.035
\$ 2,000	\$ 2,999	0.006	\$ 8,000	\$ 8,999	0.039
\$ 3,000	\$ 3,999	0.016	\$ 9,000	\$ 9,999	0.042
\$ 4,000	\$ 4,999	0.024	\$ 10,000	\$ 10,999	0.045
\$ 5,000	\$ 5,999	0.028	\$ 11,000	\$ 11,999	0.048
\$ 6,000	\$ 6,999	0.032	\$ 12,000	and over	0.050



If you want your refund to be deposited directly, you will need to enter your routing number and account number. If either the routing number or account number is incorrect, we cannot credit your account. If your direct deposit is returned to us, we will mail you a check.