

Montana Income Tax Update



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Agenda

- Updates from the 2023 Legislature
- Annual and forms updates
 - Form 2
 - Form FID-3
 - Form MW-4
 - Supplemental Tax Forms
- Pass-Through Entity Tax and Form PTE changes
- Simplification for Tax Year 2024

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Updates from the 2023 Legislature for Tax Year 2023

- 2021 Individual Income Tax Rebates
- 2022 and 2023 Montana Property Tax Rebates
- Medical Savings Accounts
- Pass-Through Entity Tax
- Montana Adoption Tax Credit (Form ADPT)
- Contractor's Gross Receipts limit increased

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Updates from the 2023 Legislature for Tax Year 2023

- Expanded Trades Education and Training Credit (Form TETC)
- Extension of an Audit Period
- Qualified Education Tax Credit Cap Increased
- Revised Late Filing Penalty for Forms W-2
- Corporate E-File Mandate

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Updates from the 2023 Legislature for Tax Year 2024

- Simplification
- Reduced Tax Rate and Expanded Montana Earned Income Tax Credit
- Long-Term Capital Gains Tax Rate
- Military Retirement Exemption for Certain Military Retirees
- Expanded Qualified Endowment Credit
- De Minimis Filing Requirement for Certain Nonresidents

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Due Dates

PTE	Original	3/15/2024
	Extended	9/16/2024
Form 2 and FID-3	Original	4/15/2024
	Extended	10/15/2024
2024 Estimated Payments	1st quarter	4/15/2024
	2nd quarter	6/15/2024
	3rd quarter	9/16/2024
	4th quarter	1/15/2025

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2023 Tax Rates

2023 Income Tax Rates

If taxable income is:

More than	But not more than	Then your rate is	Less
\$0	\$3,600	1% of taxable income	\$0
\$3,600	\$6,300	2% of taxable income	\$36
\$6,300	\$9,700	3% of taxable income	\$99
\$9,700	\$13,000	4% of taxable income	\$196
\$13,000	\$16,800	5% of taxable income	\$326
\$16,800	\$21,600	6% of taxable income	\$494
More than \$21,600		6.75% of taxable income	\$656

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2023 Deductions, Exemptions, and Subtractions

Standard Deduction	Minimum	Single: \$2,460 Joint/Head of Household: \$4,920
	Maximum	Single: \$5,540 Joint/Head of Household: \$11,080
Personal Exemption		\$2,960
Partial Pension Exemption		Maximum subtraction: \$5,060
		Fed AGI Phase-out: \$42,140
Maximum MSA Contribution		\$4,500

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2023 Filing Requirements

Single or Married Filing Separately	Under 65	\$5,540
	65 or older	\$8,500
Head of Household	Under 65	\$11,080
	65 or older	\$14,040
Married Filing Jointly	Both under 65	\$11,080
	One spouse 65 or older	\$14,040
	Both spouses 65 or older	\$17,000

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2024 Interest Rates

Individual rate	7%
Interest rate for non-individual income taxpayers	11.5%

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2024 Montana Ordinary Tax Rates

Single, Married Filing Separately, Estates, and Trusts			Head of Household			Married Filing Jointly/Qualifying Widower		
If your taxable income without long-term capital gains is	But less than	The following rate applies	If your taxable income without long-term capital gains is	But less than	The following rate applies	If your taxable income without long-term capital gains is	But less than	The following rate applies
\$0	\$20,500	4.7%	\$0	\$30,750	4.7%	\$0	\$41,000	4.7%
More than \$20,500		5.9%	More than \$30,750		5.9%	More than \$41,000		5.9%

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2024 Montana Long-Term Capital Gains Tax Rates

Single, Married Filing Separately, Estates, and Trusts			Head of Household			Married Filing Jointly/Qualifying Widower		
For long-term capital gains above	But less than	The following rate applies	For long-term capital gains above	But less than	The following rate applies	For long-term capital gains above	But less than	The following rate applies
\$0	\$20,500 minus ordinary income	3%	\$0	\$30,750 minus ordinary income	3%	\$0	\$41,000 minus ordinary income	3%
\$20,500 minus ordinary income		4.1%	\$30,750 minus ordinary income		4.1%	\$41,000 minus ordinary income		4.1%

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Form 2, Additions Schedule

Form 2—Page 4—2023

Social Security Number

Montana Additions Schedule
Enter your additions to Federal Adjusted Gross Income on the corresponding lines.

		A	B
General Additions	1 Recovery of federal income tax deducted in 2022 (See worksheet below)	00	00
	2 Other recoveries of amounts deducted in earlier years that reduced Montana taxable income	00	00
	3 Interest and mutual fund dividends from state, county, or municipal bonds from other states	00	00
	4 Dividends not included in Federal Adjusted Gross Income	00	00
	5 Adjustment for smaller federal estate and trust taxable distributions	00	00
Savings Accounts	6 Montana medical savings account nonqualified withdrawals (See page 3)	00	00
	7 First-time home buyer savings account nonqualified withdrawals	00	00
Business Additions	8 Allocation of compensation to spouse in sole proprietorship	00	00
	9 Federal net operating loss deduction	00	00
	10 Expenses used to claim a Montana tax credit	00	00
	11 Farm and ranch risk management account taxable distributions	00	00
	12 Enter your total additions from Montana Schedules K-1 (PTE), part 3, column I, line 1	00	00
	13 Title plant depreciation and amortization	00	00
	14 State income tax deduction included in Federal Adjusted Gross Income	00	00
	15 Other additions. Specify:	00	00
	16 Subtotal to figure taxable Social Security benefits. Combine lines 1 through 15.	00	00
	17 Addition to taxable Social Security benefits (See page 6)	00	00
Total	18 Add lines 16 and 17, and enter the total on page 1, line 12	00	00
	This is your total Montana Additions to Federal Adjusted Gross Income.	00	00

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Form 2, Nonrefundable Credits Schedule

Form 2—Page 9—2023

Social Security Number

Nonrefundable Credits Schedule
Enter your nonrefundable credits, including any carryover credits that may be available from 2022.

	A	B
Nonrefundable	1 Resident capital gains credit. 2% of capital gain entered on page 1, line 7.	00
	2 Nonresident/part-year resident capital gains credit. 2% of capital gain entered on Nonresident/Part-Year Resident Ratio Schedule, line 7. (See page 8)	00
	3 Credit for an income tax liability paid to another state or country (See schedule below)	00
	4 Qualified endowment credit. Include Form QEC.	00
	5 Recycle credit. Include Form RCYL.	00
	6 Apprenticeship credit	00
	7 Trades education and training credit. Include Form TETC.	00
Nonrefundable credits with carryover provision	8 Innovative educational program credit	
	Credit confirmation code	
	Credit confirmation code	
	Credit confirmation code	
	9 Student scholarship organization credit	
	Credit confirmation code	
	Credit confirmation code	
	Credit confirmation code	
	10 Contractor's gross receipts tax credit. If multiple CGR accounts, mark here	
	CGR Account ID	
	C G R	
	11 Historic property preservation credit. Include federal Form 3468	
	12 Infrastructure users fee credit. Include Form IUFC	
	13 Media credit. Include Form MEDIA-CLAIM	
	UCRN	
14 Jobs growth incentive credit. Include Form JGI.		
Credit certificate number		
15 Carryforward amount from a repealed tax credit		
15a Tax credit code		
15b Tax credit code		
15c Tax credit code		
Total	16 Add lines 1 through 14 and 15a through 15c and enter the total on page 1, line 19	00
	This is your total nonrefundable credits	00

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Form 2, Other Payments and Refundable Credits Schedule

Form 2-Page 11-2023

Social Security Number

Other Payments and Refundable Credits Schedule		A		B	
Withholding reported on Forms W-2 and 1099 must be entered on page 1, line 21.					
Other Payments and Refundable Credits	1 2023 estimated tax payments	1	00	00	00
	2 Overpayment applied from 2022 return	2	00	00	00
	3 Total withholding from Montana Schedules K-1	3	00	00	00
	4 Pass-through entity tax from Montana Schedules K-1	4	00	00	00
	5 Loan-out withholding from Form LOWCERT	5	00	00	00
	6 Unlocking public lands credit	6	00	00	00
	7 Elderly homeowner/renter credit (See schedule on page 10, line 22)	7	00	00	00
	8 Adoption credit. Attach Form ADPT	8	00	00	00
	9 Extension payment	9	00	00	00
	10 If filing an amended return, payments made with original return.	10	00	00	00
Total	11 Add lines 1 through 10, enter on page 1, line 22.	11	00	00	00

This is your other payments and refundable credits.

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Form FID-3, Page 2

Form FID-3, Page 2 - 2023

FEIN

Taxes and Credits	25 Montana taxable income from line 24	25	00
	26 Tax from the tax table. If line 25 is zero or less, enter 0.	26	00
	27 Resident capital gains tax credit on undistributed capital gains from Schedule E, line 4	27	00
	28 Subtract line 27 from line 26. If zero or less, enter 0. This is your resident tax after capital gains tax credit.	28	00
	28a Nonresident, part-year resident tax after capital gains credit from Schedule F, line 18, but not less than zero	28a	00
	29 Tax on lump sum distributions	29	00
	30 Add line 28 or 28a and line 29. This is your total tax.	30	00
	31 Credit for taxes paid to other states or countries (See instructions)	31	00
	32 Other nonrefundable credits. List credit forms.	32	00
	33 Add lines 31 and 32. This is your total nonrefundable credits.	33	00
34 Subtract line 33 from line 30. If zero or less, enter 0.	34	00	
35 Endowment credit recapture tax	35	00	
36 Add lines 34, 35, and the ESBT tax liability from Schedule G, line 16. This is your tax liability.	36	00	
Credits	37a Total Montana income tax withheld. Include federal Forms W-2 and 1099.	37a	00
	37b Montana income tax withheld allocated to beneficiaries	37b	00
	37 Subtract line 37b from 37a. This is your Montana income tax withheld allocable to the estate or trust.	37	00
	38a Total Montana pass-through entity tax reported on Montana Schedules K-1 (PTE), Part 5, line 1	38a	00
	38b Montana pass-through entity tax allocated to beneficiaries	38b	00
38 Subtract line 38b from 38a. This is your Montana pass-through entity tax allocable to the estate or trust.	38	00	

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Supplemental Form Updates

- NEW Form ADPT (Montana Adoption Credit)
- NEW Publication 4 (Montana Pass-Through Entity Tax)
- Form NOL
- Form JGI (Jobs Growth Incentive Credit)
- Publication 1

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2023 Property Tax Rebate

- Filing period opens August 15, 2024, and closes October 1, 2024
- Requirements
 - owned a Montana residence for at least seven months in 2023
 - lived in this Montana residence for at least seven months in 2023
 - were billed for property taxes, including special assessments and other fees, on this residence
 - paid the property taxes on this residence
- The lesser of the property tax or \$675

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Corporate E-File Mandate

- Beginning for tax periods after 12/31/2022 C corporations must e-file Form CIT
- Form CWR – Corporation E-File Waiver Request
- Exemption for C corporation with gross receipts of less than \$750,000

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Withholding Changes

- Withholding Tables Update
- Redesigned Form MW-4
- New Late Filing Penalty
 - W-2s filed 30 days after first delinquency notice \$50 penalty per W-2 with a minimum of \$250

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Form MW-4

Complete Form MW-4 so that your employer can withhold the correct Montana income tax from your pay. See **Employee Instructions** on the back of this form before completing this form.

1. Federal filing status

- ☐ a. Single or married filing separately (If you have multiple jobs, complete the Multiple Jobs Worksheet.)
☐ b. Married filing jointly or qualifying widower (If you and your spouse have multiple jobs, see line 2.)
☐ c. Head of household

2. ☐ **Married Filing Jointly with Both Spouses Working.** If you are married and you and your spouse are both working and earn similar incomes, mark the box. If you and your spouse have multiple jobs, and your spouse earns significantly more or less than you, do not mark this box. Instead, mark box 1b, then complete the Multiple Jobs Worksheet on page 2 and enter the result on line 3.

3. **Extra withholding.** Enter any additional tax you want withheld from each pay period, including any amount you want withheld from retirement distributions.

3.

4. **Reduced withholding.** If you expect to report large federal adjustments, federal itemized deductions, Montana subtractions, and/or Montana tax credits, you can direct your employer to withhold the amount you report on this line. (*Caution:* Requesting a reduced amount of withholding may result in a tax due when you file your tax return.)

4.

5. Exemptions for Tax Year ☐

You may be entitled to claim an exemption from Montana income tax withholding if your income is exempt from Montana income tax. Mark the box to indicate the reason you believe you are exempt from Montana income tax.

- ☐ a. I am exempt because I am an enrolled member of a registered tribe, I live on the reservation of that tribe, and I earn wages from work performed on that reservation. (You must complete line 1.)
☐ b. I am exempt because I am a member of the Reserve or National Guard and my compensation is earned under U.S.C. Title 10. (You must complete line 1.)
☐ c. I am exempt because I am a North Dakota resident.
☐ d. I am exempt because I am a resident of another state living in Montana solely to be with my spouse, who is a resident of the same state and a member of the U.S. armed forces assigned to a military location in Montana.

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Form MW-4, Multiple Jobs Worksheet

Multiple Jobs Worksheet

Complete this worksheet if you have multiple jobs, or if you are married filing jointly with both spouses working. This worksheet calculates the total extra withholding for all jobs. Complete this worksheet on the Form MW-4 for the highest paying job for the most accurate results. The amount on line 4 is the additional amount to withhold from your wages.

1. **Two jobs.** If you have two jobs or you are married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 5. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value here.

1.

2. **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.

- 2a. Find the amount from the appropriate table on page 5 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value here.

2a.

- 2b. Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 5 and enter this amount on line 2b.

2b.

- 2c. Add lines 2a and 2b.

2c.

3. Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52. If it pays every other week, enter 26. If it pays monthly, enter 12.

3.

4. Divide the annual amount on line 1 or line 2c by the amount of pay periods on line 3. Enter this amount here and on Form MW-4, line 3 of the Form MW-4 for the highest paying job (along with any other additional amount you want withheld).

4.

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Pass-Through Entity Tax and Form PTE Changes

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What is the Pass-Through Entity Tax (PTET)?

- **What:** Elective state income tax paid by a partnership or S corporation on the distributive share of an affected owner's Montana Source Income
- **Calculation:** the distributive share of an affected owner's Montana Source Income times the highest marginal rate
 - 2023: 6.75%
 - 2024: 5.9%
- **Why make the election:** Deductible as a state income tax paid on the pass-through's federal tax return (IRS Notice 2020-75)
- **Effect on Owners:** Owners receive a refundable MT tax credit based on their distributive share to claim against income taxes

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PTET Elections and Affected Owners

- Authorized representative must make the election
- Once PTET election is made it's in effect for all affected owners
- Affected owners:
 - Resident and Nonresident Individuals
 - Resident and Nonresident Estates
 - Resident and Nonresident Trusts
 - Disregarded entities owned by Resident and Nonresident individuals, estates, or trusts
 - Pass-through entities wholly owned by Resident and Nonresident individuals, estates, or trusts
- Resident election (election includes all resident affected owners)
 - Resident can make election to tax all pass-through income (not just MT source)
 - Resident with non-MT business can file a MT Form PTE to pay the PTET
- Nonresident filing requirement can be waived if nonresident has no other MT source income

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PTET Payments and Refunds

- Must be paid by the pass-through entity
 - DOR cannot transfer payments between owners and entity
- Paid through quarterly estimated payments or flow-through payments
 - Mineral royalty withholding
 - Pass-through withholding
 - PTET credit from a lower-tier
- Subject to penalties and interest
 - No interest on underpayment for Tax Year 2023
- Refunds are made at the entity level

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PTET Credit

- Refundable tax credit to owner reported on owner's tax return
- PTETs paid in another state by residents are eligible for credit for taxes paid to another state
- PTET is a state income tax and must be added back to federal taxable income on tax return

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Form PTE, Page 1

Form PTE **2023 Montana Pass-Through Entity Tax Return**
 Include a complete copy of all related federal forms and schedules.

Partnership ☐ S corporation ☐ P ☐ Clear Form

Page 1 For calendar year 2023 or tax year beginning and ending

Mark all that apply:

☐ Initial return
☐ Final return
☐ Amended return
☐ Refund return
☐ PTP
☒ **PTET**
☐ Resident PTET

Name FEIN
 Mailing Address Federal Business Code/NAICS
 MT Secretary of State ID #
 City State ZIP Code + 4 Date of Registration in Montana
 State formed in on

Enter Number of: Schedules K-1 Included Nonresident Owners
 Resident Owners Other Types of Owners Schedules DE Included
 Schedules K-1 Received

Owners' Distributive Share of Income Items (federal Schedule K)

1 Ordinary business income (loss)	1	00
2 Net rental real estate income (loss) (include federal Form 8825)	2	00
3a Other gross rental income (loss)	3a	00
3b Excess from other rental activities (include detailed statement)	3b	00

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Form PTE, Page 2

Form PTE, Page 2 – 2023

FEIN

Prepayments	21	2023 payments	21	00
	22	2022 overpayment applied to 2023	22	00
	23	Add lines 21 and 22.	23	00
Pass-through Entity Tax and Composite tax	24	Total taxable income subject to pass-through entity tax from all owners' MT Schedules K-1, Part 4, line 14 (see instructions)	24	00
	25	Total pass-through entity tax from all owners' MT Schedules K-1, Part 5, line 1	25	00
	26	Flow-Through Payments Schedule, Column A, line 12	26	00
	27	Subtract lines 23 and 26 from line 25.	27	00
	28	Total composite tax from Schedule IV, Column H	28	00
	29	Flow-Through Payments Schedule, Column B, line 12	29	00
	30	Add lines 27 and 28, then subtract line 29.	30	00
	31	Interest on underpayment of estimated tax (see instructions)	31	00
	32	Total pass-through withholding from all owners' MT Schedules K-1, Part 5, line 3a	32	00
	33	PTE's tax liability resulting from an adjustment to partnership income (see instructions)	33	00
Pass-Through Withholding	34	Flow-Through Payments Schedule, Column C, line 12	34	00
	35	Add lines 32 and 33, then subtract from line 34.	35	00
Total	36	PTE information return late filing penalty	36	00
	37	Add lines 30, 31, 35, and 36.	37	00
Amended Return	38	For amended returns only - previously issued refunds	38	00
	39	For amended returns only - payments made with original return	39	00
Penalty and Interest	40	Add lines 37 and 38, then subtract line 39.	40	00
	41	Late payment penalty	41	00
Amount Owed or Refund	42	Interest	42	00
	43	Add lines 40 through 42.	43	00
	44	If line 43 is more than zero, enter the amount here.	44	00
	45	If line 43 is less than zero, enter the amount here.	45	00
	46	Enter the amount from line 45 that you want applied to your 2024 tax	46	00
	47	Subtract line 46 from line 45.	47	00

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Form PTE, Page 3

Form PTE, Page 3 – 2023

FEIN

Flow-Through Payments Schedule

Part I. Montana Schedules K-1 received by the pass-through entity reporting mineral royalty withholding, pass-through withholding, and/or pass-through entity tax. Attach a statement with the same information if the PTE received more than four Montana Schedules K-1 reporting mineral royalty withholding, pass-through withholding, and/or pass-through entity tax.

Entity Name	FEIN	A. Mineral royalty withholding received	B. Pass-through withholding received	C. Pass-through entity tax received
1		00	00	00
2		00	00	00
3		00	00	00
4		00	00	00
5 Totals		00	00	00

Part II. Flow-through payment allocations (See instructions)

	A. Pass-through entity tax	B. Composite tax	C. Other
1 Sum of profit and loss percentage of all MT Schedules K-1 subject to applicable Column(s) A, B, and C	%	%	%
2 Multiply total in Part I, Column A by percentage on line 1 for each column	00	00	00
3 Mineral royalty withholding passed to owners			00
4 Enter Column A, line 2 and Column B, line 2.			
Subtract Column C, line 3 from Column C, line 2.			
Balance of mineral royalty withholding the PTE can claim as a credit	00	00	00
5 Multiply total in Part I, Column B by percentage on line 1 for each column	00	00	00
6 Pass-through withholding passed to owners			00
7 Enter Column A, line 5 and Column B, line 5.			
Subtract Column C, line 6 from Column C, line 5.			
Balance of pass-through withholding the PTE can claim as a credit	00	00	00
8 If Column A, line 1 is greater than 0%, enter the total from Part I, Column C	00		
9 If Column A, line 1 is 0%, multiply the total in Part I, Column C by Columns B and C, line 1		00	00
10 Total pass-through entity tax passed to owners			00
11 Enter Column B, line 9.			
Subtract Column C, line 10 from line 9.			
Credit balance for PTE not electing to pay PTET		00	00
12 Add lines 4, 7, 8, and 11 in each column.	00	00	00
Total payments the PTE can claim as a credit	00	00	00

Part III. Authorized Representative: Authorized to make PTET election for Tax Year 2023

Name	Title	Telephone Number	Email

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Form PTE, page 6

Schedule VI – Reporting of Special Transactions

Complete Schedule VI only if your PTE filed any of the federal income tax forms described below. Mark the appropriate box indicating which form(s) you filed with the Internal Revenue Service (IRS) for this tax year. If you mark one or more of these forms, you must include a complete copy of your federal tax return.

- 1 ☐ The entity filed federal Form 8918 – Material Advisor Disclosure Statement with the IRS
- 2 ☐ The entity filed federal Form 8824 – Like-Kind Exchanges with the IRS.
NOTE: Mark the box if your like-kind exchange includes Montana property.
- 3 ☐ The entity filed federal Form 8865 – Return of U.S. Persons with Respect to Certain Foreign Partnerships with the IRS
- 4 ☐ The entity filed federal Form 8886 – Reportable Transaction Disclosure Statement with the IRS
- 5 ☐ For S corporations only: The S corporation filed federal Form 8023 – Elections Under Section 338 for Corporations Making Qualified Stock Purchases with the IRS

Complete this section if the PTE is a partnership.

- 6 ☐ The partnership filed one or more of the following forms in 2023.
Provide a copy of each form with your tax return.
 - Federal Form 8985, Pass-Through Statement - Transmittal/Partnership Adjustment Tracking Report
 - Federal Form 8986, Partner's Share of Adjustment(s) to Partnership-Related Items(s)
 - Federal Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR)
- 7 ☐ The partnership had Montana source income and paid an imputed underpayment.
If applicable, provide a copy of your federal audit adjustment report. (See instructions)
- 8 ☐ Previously unreported Montana source income from Federal Form 8082 (See instructions) 00

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Form PTE, Schedule K-1

Part 2 Owner Information	Mailing Address		SSN
	City	State	ZIP Code
Owner Type	Resident <input type="checkbox"/> Nonresident <input type="checkbox"/>		Beneficial owner
	Special Allocations (See instructions)		FEIN or SSN
Part 3 Adj.	The owner is included in a pass-through entity tax election		Profit and loss percentage
	Resident owner PTET election (See instructions)		Capital/Ownership
Part 4 Distributive Share of Montana Source Income (Loss)	Montana Adjustments (See worksheet on page 9)		
	1 Additions	A. Everywhere	B. Montana
	2 Subtractions	1 00	00
	1 Ordinary business income (loss)	2 00	00
	2 Net rental real estate income (loss)	1 00	00
	3 Other net rental income (loss)	2 00	00
	4 Guaranteed payments	3 00	00
	5 Interest income	4 00	00
	6 Ordinary dividends	5 00	00
	7 Royalties	6 00	00
	8 Net short-term capital gain (loss)	7 00	00
	9 Net long-term capital gain (loss)	8 00	00
	10 Net section 1231 gain (loss)	9 00	00
	11 Other income (loss) (include detailed statement)	10 00	00
12 Section 179 expense deduction	11 00	00	
13 Other expense deductions	12 00	00	
14 Total distributive share (See instructions)	13 00	00	
Total	The owner filed Form PT-AGR Year		
	The owner is a Domestic 2nd tier PTE		
1 PTET paid on behalf of owner. (See instructions)		1	00

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Simplification

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Simplification

Tax years after 12/31/2021

- Repeal of credits:
 - Adoption Credit*
 - Alternative Energy Production Credit*
 - Alternative Energy System Credit*
 - Alternative Fuel Credit
 - Biodiesel and Blending Credit*
 - College Contribution Credit
 - Dependent Care Assistance Credit*
 - Elderly Care Credit
 - Emergency Lodging Credit
 - Empowerment Zone Credit*
 - Energy Conservation Installation Credit
 - Geothermal System Credit*
 - Health Insurance for Uninsured Montanans Credit
 - Mineral and Coal Exploration Incentive Credit*
 - Oilseed Crush Facility Credit

*subject to transition period

Tax years after 12/31/2023

- Taxpayers must use federal filing statuses
- Filing requirement follows federal requirement with MT additions
- New ordinary income tax bracket that follows federal filing status
- New long-term capital gains tax bracket that follows federal filing status
- The calculation of Montana taxable income begins with federal taxable income
- Several Montana-specific deductions are repealed

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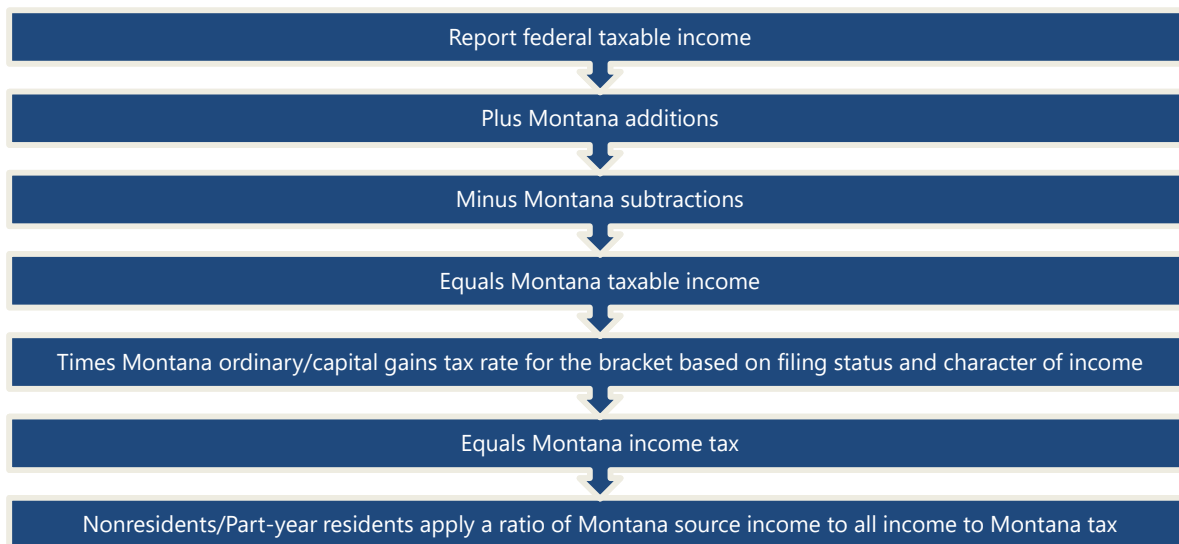
Repealed Provisions

- Montana-specific adjusted gross income, standard/itemized deductions, and exemptions have been replaced by starting with federal taxable income
- No recalculation of Social Security benefits and net operating losses
- 2% capital gains tax credit (replaced with lower tax rates for long-term capital gains)
- Unemployment
- Tips for certain service industry workers
- Partial pension, annuity, and IRA income exemption and partial interest exemption for taxpayers 65 and older (replaced with a \$5,500 subtraction for taxpayers over 65)
- Partial retirement disability income
- Montana First-time Homebuyer Account deposits
- Farm and Ranch Risk Management Account deposits
- Income of child taxed to a parent
- Health insurance premiums taxed to an employee
- Student loan repayments for health care professionals and qualified educators

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Calculating Montana Taxable Income and Tax under Simplification



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MontanaRevenue



Montana Department of Revenue



Montana Department of Revenue



BUSINESS &
INCOME TAXES
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