

# 2017 Montana Form CIT

## Corporate Income Tax Booklet

MONTANA DEPARTMENT OF REVENUE



(406) 444-6900

[revenue.mt.gov](http://revenue.mt.gov)

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Dear Montana Taxpayer,

Thank you for filing your Montana income tax return. In the graphs below, you can see where our Montana tax revenues come from and how they are used to support important services and infrastructure.



We also thank taxpayers who file their returns electronically. Taxpayers find that e-filing is easy, convenient and helps to ensure correct filing.

Tax fraud and identity theft is a growing problem worldwide. The department is committed to do all that we can to help Montanans protect their identity and tax refunds. We accomplish this by building measures into our tax systems to identify fraudulently filed returns. Our fraud safeguards extend the time it takes for you to receive your refund and, in some cases, it could take 90 days. We appreciate your understanding that we are doing all we can to prevent tax fraud and protect your money.

If you need more information about anything regarding your taxes, please visit our website at [revenue.mt.gov](http://revenue.mt.gov) or call our help line at (406) 444-6900.

Please remember to e-file!

Best regards,

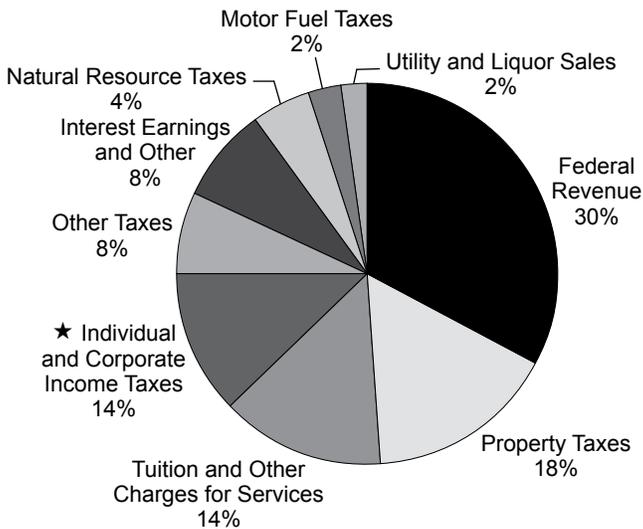
Mike Kadas, Director  
Montana Department of Revenue

## Your Tax Dollars at Work

The first chart shows the sources of revenue for both state and local governments in Montana for 2014, the most recent year for which totals are compiled. The second chart shows state and local spending.

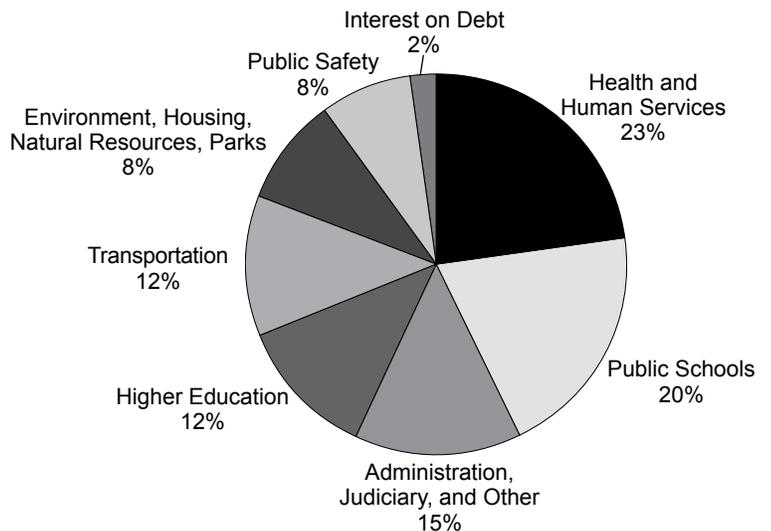
### What are Montana's Public Revenues?

Total Montana State and Local Revenue, Fiscal Year Ending 2014



### Where Do Your Public Dollars Go?

Total State and Local Spending in Montana, Fiscal year Ending 2014



### ★ Where Your Income Tax Dollar Goes

Education.....	47%
Health and Human Services.....	22%
Public Safety and Corrections .....	14%
General Government Operations .....	9%
Transfers to Local Governments .....	6%
Other.....	2%
Total Spending.....	100%

The table to the left shows where your individual and corporate income tax dollars—about 13% of total state and local revenues—were spent in 2015.



## E-file Corporate Income Tax Returns

Montana participates in the federal/state e-file program. Whether you want to file your own return or file through your favorite preparer, there are options to fit your needs.

You may find a list of available software products at [revenue.mt.gov](https://revenue.mt.gov).

### E-Pay

Pay with e-check or credit/debit card.

#### TransAction Portal (TAP)

<https://tap.dor.mt.gov>

Pay current-year, prior-year, estimated and extension taxes.

### TransAction Portal (TAP)

Free online services at <https://tap.dor.mt.gov>.

- View and print prior year returns.
- Pay with e-check, credit or debit card.
- View prior payment history.
- Manage your profile information.
- Authorize tax preparer or third party access.

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***This booklet is designed to address the laws for the majority of tax filing situations. If you have a unique situation that is not addressed in the booklet, please refer to Title 15 of Montana law found at [mt.gov](http://mt.gov) or call us with your questions.***

## GETTING STARTED

You can help us save time and money by following these instructions.

- Always put entries on the lines, not to the side, above or below the lines.
- Use black or blue ink.
- Do not staple or tape anything to the tax return, correspondence, documents, voucher or check.
- For negative numbers, use a negative sign. Do not use parentheses ( ) for negative numbers. For example, write -8300, not (8300).
- Do not submit photocopies (supporting documents can be photocopied).
- Sign the return.

Also, please organize the return information in the following order (although some items may not apply to every return):

1. check and voucher
2. correspondence
3. tax return
4. schedules
5. other supporting documents.

## GENERAL INFORMATION

### Who has to file a Corporate Income Tax Return?

Every corporation engaged in business in the state of Montana—unless expressly exempted under 15-31-102(1), MCA—has to file an annual Montana Corporate Income Tax Return. The term “corporation” includes associations, joint stock companies, limited liability companies that are taxed as C corporations for federal income tax purposes, and common law trusts and business trusts that do business in an organized capacity, whether or not under and pursuant to state laws, agreements or declarations of trust. Please see 15-31-101, MCA. An S corporation has to file an S Corporation Information and Composite Tax Return, CLT-4S.

Corporations have to pay a tax of 6.75% on their total Montana net income. Corporations with a valid water's edge election have to pay a tax of 7% on their total Montana net income. If the corporation has sustained a net loss, it needs to file a Montana Corporate Income Tax Return. The minimum tax that a corporation has to pay is \$50. For a combined tax return, the minimum tax applies to each corporation with Montana activity. Please see 15-31-121, MCA.

When does a corporation need to file?

The due date for calendar-year taxpayers is May 15. The due date for fiscal-year taxpayers is the fifteenth day of the

fifth month after the close of the taxable year. Interest of 12% per year, calculated daily, accrues on any tax liability that has not been paid by the original due date of the tax return.

Corporations receive an automatic extension of up to six months following the prescribed filing date. No application is required for this extension. Please see 15-31-111(3)(a), MCA. Note that the automatic six-month extension to file is not an extension to pay.

If a corporation has no activity in Montana during a tax period, it is still required to file either a return showing they had no activity or Form INA-CT, Affidavit of Inactivity, for that period. If the corporation chooses to file Form CIT to report that they had no activity, the return must bear the name and address of the corporation, the signature of an officer, contact information and a written statement on the face of the return or attached to the return stating that the corporation was not engaged in business in Montana during the period. Alternatively, Form INA-CT can be found on our website at [revenue.mt.gov](http://revenue.mt.gov). Please refer to ARM 42.23.312 for more information.

### Did you know that a tax preparer can electronically file a Montana Form CIT?

Montana participates in the joint federal/state electronic filing program. Please visit [revenue.mt.gov](http://revenue.mt.gov) for more details and a list of approved software vendors. Tax professionals who are authorized e-file providers can file federal and state tax returns at the same time or separately.

### How should a corporation file?

A corporation may file electronically or by submitting returns to the department. If you file electronically, you do not need to send in the Form CIT unless we request a copy. When you file electronically, you represent that you will retain the documents required to substantiate the corporation's tax returns and you will provide them upon the department's request. Montana law requires the corporation's president, vice-president, treasurer, assistant treasurer or chief accounting officer to sign the return. Please see 15-31-111(1), MCA. The act of submitting an electronic return constitutes the officer's signature and is a declaration that he or she is the officer identified in the return as signing the return.

If you choose not to file electronically, mail the tax return to:

Montana Department of Revenue  
PO Box 8021  
Helena, MT 59604-8021

### Did you know that you can sign up to access your Montana tax account online?

Go to [revenue.mt.gov](http://revenue.mt.gov) and check out the TransAction Portal (TAP) website to register for access to your account. After you register for account access, you can make payments, update your account information, view prior year filed returns and payments made, and grant access to others (such as your tax practitioner).

**Tax Year**

The same tax year used for federal income tax purposes (as indicated on the federal return) must be used for Montana Corporate Income Tax purposes. See 15-31-112, MCA. If the corporation has a fiscal year, enter the beginning and ending dates of the fiscal year. For fiscal filers:

Tax Year Beginning in:	Use tax form:
2015	2015 CIT
2016	2016 CIT
2017	2017 CIT

**Name and Address**

Enter the corporation's name and mailing address in the space provided.

**Federal Employer Identification Number (FEIN)**

Montana uses the FEIN for identification purposes. Enter the FEIN from page 1 of the federal Form 1120, or applicable form.

**Federal Business Code/NAICS**

Enter the corporation's Principal Business Activity Code number from page 3 of the federal Form 1120 or applicable form. The Business Activity Code is based on the North American Industry Classification System (NAICS). For more information, visit [naics.com](http://naics.com).

**Date Qualified in Montana**

Enter the date the Secretary of State qualified the corporation to do business in Montana. If the corporation was formed in Montana, enter the date of incorporation. To find this date, visit the Secretary of State's website at [sos.mt.gov](http://sos.mt.gov) and search for the business' name under the Business Services section. You can also obtain a certificate of authority from the Secretary of State.

**MT Secretary of State ID**

Enter the corporation's Montana Secretary of State identification number. This number is referred to as the Certified File Number or Filing Number on all correspondence issued by the Secretary of State's office and begins with a letter followed by six to eight digits. It was originally provided with the certificate of authority to do business in Montana or when the corporation was incorporated in Montana. Enter the letter, followed by the next six to eight digits of the number. For example, if your Certified File Number is D-123456, enter D123456 in the spaces provided. Leave any extra boxes blank. A company's Secretary of State identification number can also be found on the Secretary of State's website at [sos.mt.gov](http://sos.mt.gov) by searching for the business' name under the Business Search section.

**PART I. FILING METHOD**

All corporations must complete Part 1 as directed below. If you mark "Yes" to lines 2 or 3, you have to complete lines 4 and 5 of this part.

**Line 1**

Mark this box if the corporation is exempt from tax under the provisions of Public Law 86-272. Please refer to Administrative Rules of Montana 42.26.501 for guidance about whether a corporation's activities in Montana are protected under the provisions of Public Law 86-272. If the corporation's activities are protected, you still need to complete and include a Schedule K. If you mark this box, skip to Part II if you are filing an amended return; otherwise, skip to Part III.

**Line 2**

Mark the "Yes" box if the corporation is a member of a consolidated group for federal purposes, either as a parent or a subsidiary. Mark the "No" box if this does not apply.

**Line 3**

Mark the "Yes" box if the corporation is filing a combined return for Montana purposes (see explanation below) and enter the number of entities with activity in Montana. Mark the "No" box if this does not apply.

If a corporation engages in a unitary business, it has to file a combined return that apportions all business income from such trade or business. The corporation must include in its combined return all unitary affiliates that the corporation directly or indirectly owns more than 50% of, and/or include a unitary affiliate that owns more than 50% of the corporation. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses. See 15-31-301 through 15-31-311, MCA. Corporations filing combined Montana returns have to complete and include Schedule K (see instructions in this booklet). In addition, if more than one corporation has Montana activity, you have to complete and include Schedule K-Combined (see instructions in this booklet) in support of the Schedule K.

**Line 4**

If you answered "Yes" to questions 2 or 3 of this part, mark the box that indicates the applicable filing method, and complete and include a Montana Schedule M. The corporation has to qualify in order to file under methods other than a combined method. The same filing method should be used from year to year.

- a. **Separate Company** – Mark this filing method if the corporation is a part of a federal consolidated group but is filing a separate, proforma tax return for Montana purposes (non-unitary with any of the other members of the federal consolidated group). Note: If you include a proforma federal Form 1120 with the corporation's Montana tax return, you also have to include a signed copy of the consolidated federal Form 1120 of the ultimate parent corporation.
- b. **Separate Accounting** – Mark this filing method if the corporation's business operations in Montana are not unitary with the corporation's business operations

outside of Montana. You must be able to separate the corporation's income and expenses that are attributed to business operations within Montana from the total income and expenses of the corporation. You will also have to include a detailed description of the corporation's Montana activity.

- c. Worldwide Combination** – Mark this filing method if the corporation has a unitary relationship with its domestic and foreign subsidiaries. You will need to include federal Form 5471 for each controlled foreign corporation or a detailed schedule of the corporation's foreign income.
- d. Domestic Combination** – Mark this filing method if the corporation has a unitary relationship with its domestic subsidiaries and does not have greater than 50% ownership of a foreign subsidiary.
- e. Limited Combination** – Mark this filing method if the corporation has excluded one or more of its subsidiaries from its combined unitary group. List the excluded subsidiaries (foreign and domestic) on Schedule M.
- f. Water's Edge** – Mark this filing method only if the corporation has made a valid water's edge election with the state of Montana. Multinational, unitary corporations that wish to file under the water's edge method must make an election by filing Form WE-ELECT within the first 90 days of the tax period for which the election is to become effective. This election has to be approved by the department and is binding for three consecutive taxable periods. See 15-31-324, MCA. To extend the election for another three-year period, you have to file a new Form WE-ELECT within the first 90 days of the tax period for which the subsequent election is to become effective.

A corporation that makes a valid water's edge election has to include in their water's edge group all subsidiaries incorporated in tax havens. See 15-31-322(1)(f), MCA, for a list of these countries.

Corporations filing under a valid water's edge election must submit Schedule WE (see instructions in this booklet) with their Montana Form CIT.

See ARM 42.26.301-313 for more information on the water's edge filing method.

### Line 5

If you answered "Yes" to questions 2 or 3 of this part, enter the name and FEIN of the corporation's ultimate parent corporation and include pages 1 through 5 of the parent's consolidated federal Form 1120.

## PART II. AMENDED TAX RETURN

Use this form to amend an original tax return. You can also file an amended return electronically. Indicate at the top of the form that it is an amended return and mark the box(es) that indicates the reason(s) for the amendment. Please include the applicable forms and statements that explain all adjustments in detail. Complete the entire form using the amended amounts.

- Interest is not paid on a refund resulting from a net operating loss carry-back or carry-forward. See 15-31-119(9), MCA.
- Interest is computed on overpayments of tax or additional tax due at the rate of 12% per year. See 15-31-531(2), MCA.
- Statute of Limitations on Refunds. Generally, you have to make a claim for refund or credit for the tax year by filing an amended return within three years of the original due date of the return. See 15-31-509(2) and (3), MCA.
- If you file an amended return that reflects an increased tax liability, you may meet the conditions for a waiver of the late payment penalty. We may waive the late payment penalty if you marked the "Amended Return" box on page 1 of Form CIT and the tax and applicable interest are paid in full. By marking this box, you are requesting a waiver of the late payment penalty. Please see ARM 42.3.115.

## PART III. GENERAL QUESTIONS (A-L)

You will need to answer all of the questions by marking the appropriate boxes. If you answer "Yes" to any of the questions in h-l, you have to complete and include Schedule M.

## PART IV. REPORTING OF SPECIAL TRANSACTIONS

You will need to answer all of the questions by marking the appropriate box. If you answer "Yes" to any question, you must include a copy of the applicable form.

Please note: If any questions in parts I through IV are not answered or the return is not signed, we may return it to you to be completed.

## MONTANA TAXABLE INCOME AND NET AMOUNT DUE

### Line 1 – Taxable Income

Enter on line 1 the taxable income reported on line 28 of your federal Form 1120. Include with the Form CIT a complete copy of the signed Form 1120 filed with the Internal Revenue Service. If the Form 1120 is voluminous, please include pages 1 through 5, the schedules used to compute the income and deductions, and the schedules supporting the following federal line items, if applicable:

- Line 2 – Cost of Goods Sold and/or Operations
- Line 8 – Net Capital Gains (Schedule D)
- Line 9 – Ordinary Gains (Loss) (Form 4797)
- Line 10 – Other Income
- Line 17 – Taxes
- Line 19 – Charitable Contributions
- Line 26 – Other Deductions
- Form 8873 – Extraterritorial Income Exclusion
- Schedule M-3 – Net Income (Loss) Reconciliation for Corporations with Total Assets of \$10 Million or More

- Schedule N – Foreign Operations of U.S. Corporations
- Form 5471 – Information Return of U.S. Persons With Respect to Certain Foreign Corporations
- Form 8858 – Information Return of U.S. Persons With Respect to Foreign Disregarded Entities

## Line 2 – Montana Additions

- a. The Montana corporate income tax and other state, local and foreign income taxes deducted on the federal return have to be added back to the corporation's income on this line. Please include a breakdown of federal Form 1120, line 17 taxes. See 15-31-114(1)(e), MCA.
- b. Federal tax-exempt interest is taxable for Montana purposes and has to be added to the corporation's income on this line. See 15-31-113(1)(a)(i), MCA.
- c. If a qualified endowment credit is claimed, the amount of contribution used to compute the corporation's credit has to be added to income on this line. See 15-31-161, MCA.
- d. Corporations that have a unitary relationship with an international group are required to make a worldwide combined filing. Enter any income or loss from the corporation's foreign parent, if applicable, and from all foreign subsidiaries included in the worldwide combined group on this line. Include supporting schedules or federal Forms 5471 and 8858.
- e. Unitary filers need to enter the income or loss from unitary subsidiary corporations that are not included in their federal consolidated group. For example, subsidiary corporations in which members of the collective unitary group own more than 50% of that corporation need to be included on this line. Include a copy of the federal Form 1120, or applicable form, and supporting schedules for each separately filed corporation.
- f. For water's edge filers only—enter the amount from line 10 of Schedule WE. Schedule WE is on page 10 of Form CIT.
- g. For water's edge filers only—enter any income or loss of unitary corporations incorporated in a tax haven country on this line. Include a supporting schedule or federal Forms 5471 and 8858. See 15-31-322(1)(f), MCA.
- h. The federal capital loss carryover is not allowed as a deduction for Montana corporate income tax purposes. Any amount of federal capital loss carryover that was used on the corporation's federal tax return has to be added back on this line. Please include federal Schedule D. See 15-31-114(1), MCA.
- i. Include with Form CIT a detailed breakdown of any other additions to income and report it on this line.
 

Examples of other additions:

  - Film Production Credit – If a corporation is claiming a film production credit, the expenditures used to compute the credit have to be included in income.

- Extraterritorial Income Exclusion – The federal extraterritorial income exclusion is not allowed for Montana tax purposes. Consequently, the corporation's federal deduction for extraterritorial income has to be added back on this line. Please include federal Form 8873, Extraterritorial Income Exclusion and federal Schedule N, Foreign Operations of U.S. Corporations.

## Line 3 – Montana Reductions

- a. Montana allows a deduction for Section 243 dividends at the same percentage as the federal deduction. This deduction should be reported on this line. For water's edge filers only—dividends received from 80/20 companies are allowed at 80%. See 15-31-325, MCA.
- b. Nonbusiness Income (for multi-state taxpayers only) – Business income means income arising from transactions and activity in the regular course of the corporation's trade or business and includes income from tangible and intangible property if the acquisition, management and disposition of that property constitute integral parts of the corporation's trade or business operations. See 15-31-302, MCA. Gains or losses from the sale of capital or business assets, dividends, interest, rents, or royalties are business income unless they can be clearly classified as nonbusiness income. Include a statement or schedule that describes each type of nonbusiness income and that explains in detail why you consider that income to be nonbusiness. Report all nonbusiness income on this line. See ARM 42.26.206-208.
- c. You may deduct an additional 10% of the corporation's costs for the purchase of recycled material on this line, as computed on Form RCYL. Include a copy of Form RCYL. See 15-32-610, MCA.
- d. Multi-state corporations need to enter the income or loss of all their non-unitary corporations that are included in the federal consolidated group on this line. Include a statement or schedule of the non-unitary corporations and explain in detail why you consider the corporations to be non-unitary.
- e. If the corporation is using the water's edge filing method, enter on this line the total of federal line 28 income or loss of all 80/20 companies and include a supporting schedule.
- f. A capital loss has to be deducted in the year incurred. Enter the amount of capital loss incurred during the tax period that has not already been deducted on the corporation's federal tax return. Include federal Schedule D. See 15-31-114(1)(b), MCA.
- g. Report on this line any other allowable deductions and include a detailed schedule.
 

Examples of other reductions:

  - The amount of contributions made by a small business to its independent liability fund. See 33-27-117(1), MCA.
  - A portion of an investment made in a building for the purpose of conserving energy. To qualify, the building

has to be used in the corporation's business and the result of the investment has to show a substantial reduction in the amount of energy needed to render the building usable. See 15-32-103, MCA.

- o Documented expenses for the donation of mineral exploration information to the Montana Tech Foundation. See 15-32-510, MCA.

#### Line 4 – Adjusted Taxable Income

Add lines 1 and 2, then subtract line 3; enter the total on this line. See ARM 42.26.301-313 for more information on the water's edge filing method.

#### Line 5 – Income Apportioned to Montana

Multi-state taxpayers should multiply the amount reported on line 4 by the apportionment percentage from Schedule K, line 5. Enter the result on this line.

#### Line 6 – Income Allocated Directly to Montana

Multi-state taxpayers should report on this line any income that is allocable to Montana. Include a detailed description and applicable supporting schedule(s). If a partnership passed this amount of Montana income or loss to the corporation, please provide the name and FEIN of each partnership and your Montana Schedule(s) K-1.

#### Line 7 – Montana Taxable Income Before Net Operating Loss

Add lines 5 and 6; enter the result on this line, or enter the amount shown on line 4. If the corporation incurred a net operating loss, enter a negative amount. Unless an election is made to forego carryback, this loss first has to be carried back to the three preceding taxable periods. See 15-31-119, MCA.

If you elect to forego the entire carry-back period, mark the "Yes" box on this line. The election is irrevocable. If a net loss is reported on line 7 and you do not mark either box, or mark both boxes, that loss has to be carried back.

#### Line 8 – Montana Net Operating Loss Carryover

If line 7 is a positive amount, the loss claimed on line 8 cannot exceed the amount of income reported on line 7. If line 7 is a negative amount, enter \$0 on line 8. If the corporation has sustained a Montana net operating loss in a preceding year, the remaining loss can be applied against the income reported on line 7. See 15-31-119, MCA. A corporation can carry forward a net operating loss for seven taxable periods. If a corporation claims a Montana net operating loss deduction on line 8, include a detailed schedule of the net operating loss carryover.

If you are filing a combined tax return and more than one corporation was active within Montana, you need to compute the net operating loss on a separate entity basis. Schedule K–Combined on pages 8 and 9 of the Form CIT is the form used to calculate the separate entity net operating loss. Use the instructions in this booklet to complete Schedule K–Combined.

Please see ARM 42.23.801-805.

#### Line 9 – Montana Taxable Income

Subtract any loss reported on line 8 from line 7 and enter the Montana taxable income on this line.

### TAX DUE

#### Line 10 – Montana Tax Liability

Multiply line 9 by 6.75% (7% for corporations filing under a valid water's edge election) and enter the total on this line. The corporation's Montana tax liability cannot be less than \$50, with the exception of the alternative tax. See 15-31-121(3), MCA. The \$50 minimum tax applies to each corporation having activity in Montana, regardless of whether the company has a net operating loss. Therefore, line 10 cannot be less than \$50 times the number of companies with Montana activity.

#### Alternative Tax

A corporation may elect to pay a tax of 0.5% on the gross sales made in Montana in lieu of paying the corporation income tax that is based on net income. You may make this election if the corporation meets all of the following criteria:

- The only activities in Montana consist of sales.
- The Montana activities do not include owning or renting real or tangible personal property.
- The dollar volume of gross sales made during the tax year within Montana did not exceed \$100,000.

If you elect to pay the alternative tax, mark the box on line 10 and enter the calculated tax liability, and include a schedule of the calculation. See 15-31-122, MCA.

#### Line 11 – Montana Tax Liability

Enter the amount on line 10 here.

#### Line 12 – Payments

You can make a tentative payment or estimated payments using these methods:

- scheduling an electronic transfer from your checking or savings account or paying with a credit/debit card using our TransAction Portal (TAP) service at [revenue.mt.gov](http://revenue.mt.gov);
  - scheduling an ACH credit through a bank (visit [revenue.mt.gov](http://revenue.mt.gov) for more information); or
  - sending the payment, with the completed Montana Corporate Income Tax Payment Voucher that is available online at [revenue.mt.gov](http://revenue.mt.gov), to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021. Be sure to write the corporation's Federal Employer Identification Number (FEIN) and tax year on the memo line of the check.
- a. **2016 Overpayment** – An overpayment of 2016 tax that was not refunded can be claimed as a credit on this line.
  - b. **Tentative Payment** – Enter the amount of tentative payments made.
  - c. **Quarterly Estimated Tax Payments** – Enter the total amount of quarterly estimated payments made. Estimated payment history can be viewed on

TransAction Portal (TAP). Visit [revenue.mt.gov](http://revenue.mt.gov) for more information.

- d. Montana Mineral Royalty Tax Withheld** – The 6% required to be withheld from net royalty payments made to owners of Montana mineral rights is treated as tax paid. This withholding should not be confused with the amounts deducted from a corporation's royalty payments for production taxes. Enter the total amount of Montana royalty withholding on this line. Please include copies of federal Form(s) 1099 in support of this withholding. For corporations who file with a fiscal year end, instead of the Form(s) 1099, please provide a copy of each check stub showing the amounts of royalties withheld during the corporation's fiscal year. For more information, visit [revenue.mt.gov](http://revenue.mt.gov) and search for "Mineral Royalty Withholding."
- e. Montana Tax Withheld by Pass-Through Entities** – If a pass-through entity in which the corporation held an interest remitted Montana tax on the corporation's behalf, enter the amount of the remittance on this line. Please include the Montana Schedule(s) K-1.
- f. Other Payments** – Please include any payment not reported above and enter a description of the type of payment(s).
- g. Refunds Previously Issued** – If this is an amended return and you received a refund when you filed the original tax return or a previous amended tax return, include the amount of the refund on this line. Do not include overpayments applied to 2018, which need to be entered on line 15.

Add the payments reported on lines 12a through 12f and then subtract line 12g. Enter the total payments on this line.

Note: Any payments of \$500,000 or more must be made by electronic funds transfer. See 15-1-802, MCA.

### Line 13 – Credits

From Schedule C, column C, enter the total credits on this line. To claim any credit on Form CIT, you need to include a completed copy of Schedule C and the prescribed form(s) and detailed schedule(s) for the credit(s) claimed. Please see the instructions for Schedule C in this booklet.

### Line 14 – Tax Due or Overpayment

Add lines 12 and 13, then subtract from line 11 and enter the result on this line. Tax due has to be paid by the fifteenth day of the fifth month following the close of the tax year. If you choose the automatic extension of up to six months, the tax plus any applicable penalty and interest is due when the return is filed. Please note that the automatic six-month extension to file is not an extension to pay.

### Line 15 – Overpayment Credited to 2018 Estimated Tax

Indicate the amount, if any, of the overpayment you wish to be applied to 2018 estimated tax. If you are filing an amended return, enter the amount of overpayment applied as requested on the original return or previous amended return on this line.

### Line 16 – Net Tax Due or Overpayment

Add lines 14 and 15; enter the result on this line.

### Line 17 – Interest

If the tax is not paid by the original date that it is due, interest on the tax due accumulates at the rate of 12% per year, calculated daily, until the tax is paid. Please note that the automatic six-month extension to file is not an extension to pay.

### Line 18 – Estimated Tax Underpayment Interest

If a corporation's tax liability is \$5,000 or greater, it has to make quarterly estimated payments. Please see 15-31-502, MCA. Interest is charged at 12% per year on any underpayment of the required estimated tax. See 15-31-510, MCA.

Compute the estimated tax underpayment interest, if applicable, on Form CIT-UT and include a completed copy. Enter the amount of interest on this line. If you use the annualized/seasonal method to compute the interest, mark the box on this line and include a copy of the federal Form 2220 filed with the federal tax return. Form CIT-UT and its instructions are available at [revenue.mt.gov](http://revenue.mt.gov).

### Line 19 – Penalty

- a. Late Filing Penalty** – If a return is not filed by the due date (including any extension of time), the corporation will be subject to the late filing penalty. This penalty is the greater of \$50 or 5% of the tax due for each month during which there is a failure to file the return, not to exceed 25% of the tax due. The late filing penalty is calculated from the extended due date of the return until the department actually receives the return.
- b. Late Payment Penalty** – If the corporation does not pay the tax liability by the original due date of the return, a late payment penalty of 0.5% per month or fraction of a month on any unpaid tax will be assessed. The late payment penalty is calculated from the original due date of the return through the date the tax is paid, and cannot exceed 12% of the tax due. Please note that the automatic six-month extension is only an extension to file, not an extension to pay.

### Line 20 – Total Due or Overpayment

Add any applicable interest and or penalties reported on lines 17, 18 or 19 to the liability reported on line 16.

- a.** If the result is positive, enter the amount due on this line. You can pay the amount due using any of these methods:
- electronic funds withdrawal when e-filing the corporation's joint federal/state tax return;
  - schedule an electronic transfer from your checking or savings account or pay with a credit/debit card using our TransAction Portal (TAP) service at [revenue.mt.gov](http://revenue.mt.gov);
  - schedule an ACH credit through a bank (visit [revenue.mt.gov](http://revenue.mt.gov) for more information); or

- o send the payment, along with the completed Montana Corporate Income Tax Payment Voucher that is available online at [revenue.mt.gov](http://revenue.mt.gov), to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021. Be sure to write the corporation's Federal Employer Identification Number (FEIN) and tax year on the memo line of the check.
- b. If the result is negative, enter the amount of refund on this line. Please mark the "Refund Return" box on page 1 of Form CIT.

If you would like to use direct deposit, enter the financial institution's routing number (RTN#) and the account number (ACCT#) in the space provided. The routing number will be nine digits and the account number can be up to 17 characters, including numbers and letters. Mark whether the account is a checking or savings account and if the refund will go to a bank outside of the United States and its territories (Midway Islands, Puerto Rico, American Samoa, U.S. Virgin Islands, Federated States of Micronesia, and Guam).

If the financial institution does not accept the direct deposit, we will mail you a refund check.

### Paid Preparer Information

Complete this section of the return if prepared by a tax preparer.

If "No" is marked on the return, we cannot discuss the return with anyone but you or someone to whom you have given a power of attorney, which allows us to discuss the return with them.

If "Yes" is marked on the return, you are authorizing us to:

- call the tax preparer to answer any questions that arise while we are processing the corporation's 2017 tax return, including requesting that the tax preparer give us any information that is missing from the return.
- respond to the tax preparer's call to us for information about the processing of the return or the status of a refund.

You are not authorizing the tax preparer to receive any refund check, bind you to anything (including any additional tax liability), receive any information about any other tax year or tax matter, or otherwise represent you before the department.

Please be aware that this authorization cannot be revoked. The authorization will, however, automatically end no later than the due date, without regard to extensions, of the corporation's subsequent tax return. For example, a 2017 calendar year end filer's authorization would expire on May 15, 2019.

If you want to expand or change the tax preparer's authorization, use Form POA, Power of Attorney, Authorization to Disclose Tax Information. This form can be submitted electronically on TransAction Portal (TAP). Visit [revenue.mt.gov](http://revenue.mt.gov) for more information. This form is also available on our website to complete and submit on paper. An example of changing a tax preparer's authorization is to

allow them to respond to notices from us. Note: We will only send notices directly to you, not to the tax preparer.

**Please Note:** If an officer of the reporting entity does not sign the corporation's tax return, or if it is incomplete, we will ask you to sign or complete the return.

### INSTRUCTIONS FOR SCHEDULE K

Schedule K applies only to multi-state taxpayers. All multi-state taxpayers have to complete and include the Schedule K with their Montana Form CIT. In addition, if there is more than one company with Montana activity, you will need to compute each company's apportionment factor on a separate entity basis. Schedule K-Combined on pages 8 and 9 of Form CIT is the form used to calculate the separate entity apportionment factor. Use the instructions in this booklet to complete the Schedule K-Combined.

In most cases, multi-state taxpayers have to compute their Montana taxable income by means of the apportionment factor calculated on Schedule K. The apportionment factor is the standard UDITPA (Uniform Division of Income for Tax Purposes Act) three-factor formula of property, payroll and sales.

When a corporation is engaged in a unitary business within and outside of Montana, the net income assignable to Montana has to be determined using the apportionment factor. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. Schedule K has to be completed by every corporation that carries on a unitary business within and outside of the state or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses. See 15-31-301, MCA. If you have calculated income attributable to Montana on some basis other than the apportionment method, you have to include a full and detailed description of the business' operation and an explanation of the method used. Even if the Department of Revenue preapproves an alternative method of calculating your taxable income, you still need to complete and submit Schedule K.

The following is an explanation of how to calculate the apportionment factor. To calculate each of the factors, use the following formula: column B divided by column A, times 100. Round out to at least the fourth decimal (example: 25.5555%).

#### Property Factor (Line 1, Schedule K)

See 15-31-306, MCA. The property factor is a fraction.

The numerator is the average value of the taxpayer's real and tangible personal property owned, leased or rented and used in Montana in the production of business income during the tax period. Enter the numerator values in column B of Schedule K. To the extent that it is utilized in Montana, migratory property has to be included in the numerator.

The denominator is the average value of all the taxpayer's real and tangible personal property owned, leased or rented and used in the production of business income during the

tax period. Enter the denominator values in column A of Schedule K.

Property owned by the taxpayer is valued at its original cost. Real and tangible personal property that is used in the business includes land, buildings, machinery, equipment, stocks of goods, inventories, depletable assets and other tangible property actually used in connection with the production of the business income to be apportioned. It does not include money, accounts receivable or other intangible property or real property that is held for nonbusiness purposes.

Unless otherwise required, the average value of owned property has to be determined by averaging the values at the beginning and ending of the tax period.

All property that was rented has to be valued at eight times the net annual rental rate. Rental expense cannot be averaged. You have to use the rental expense for the current year in the property factor.

### **Payroll Factor (Line 2, Schedule K)**

See 15-31-308, MCA. The payroll factor is a fraction.

The numerator is the total amount that you paid for compensation attributable to the production of business income during the tax period in Montana. Enter the numerator values in column B of Schedule K.

Payroll is considered to be paid in Montana if:

- the base of operations is in Montana.
- there is no base of operations and the place from which the service is directed or controlled is in Montana.
- the base of operations or the place from which the service is directed or controlled is not in a state where some part of the service is performed but the person who provides the service is located in Montana.

The denominator is the total amount paid for compensation attributable to the production of business income during the tax period. Enter the denominator values in column A of Schedule K.

### **Sales Factor (Line 3, Schedule K)**

See 15-31-310, MCA. Sales mean all gross receipts of the taxpayer exclusive of nonbusiness income and inter-company transactions. The sales factor is a fraction.

The numerator is the taxpayer's total sales in Montana during the tax period. Enter the numerator values in column B of Schedule K.

Sales of tangible personal property are in Montana if:

- the property is delivered or shipped to a purchaser in Montana, other than the United States government, or
- the taxpayer is not taxable in the state of the purchaser.

Sales of real property are in Montana to the extent the property is located in Montana.

Sales, other than sales of tangible personal property, are in Montana if:

- the income-producing activity is performed in Montana, or

- the income-producing activity is performed both inside and outside Montana and a greater proportion of the income-producing activity is performed in Montana than in any other state, based on costs of performance.

The denominator is the taxpayer's total sales everywhere during the tax period. Enter the denominator values in column A of Schedule K.

### **Sum of Factors (Line 4, Schedule K)**

Add lines 1, 2 and 3 in column C. Enter the result on line 4 in column C.

### **Apportionment Factor (Line 5, Schedule K)**

Divide line 4 by the number of factors present. A factor is present if you have a value in column A for property, payroll or sales. Enter the apportionment factor on line 5 of Schedule K and also enter it on line 5, page 3 of Form CIT, rounding it out to at least the fourth decimal (example: 25.5555%).

## **INSTRUCTIONS FOR SCHEDULE C – TAX CREDITS**

You have to include a completed copy of Schedule C – Tax Credits and the required credit forms or detailed supporting schedules with Form CIT in order to offset any tax liability with these credits.

Calculate the total credit available for each line. Column A is the amount of tax credit earned during the current period. Column B includes the amount from column A plus any tax credits allowed to be carried over from other tax periods. Column C is the amount of tax credit that you can use for the current period.

Please note: Credits must be applied on a separate entity basis on line 6j of Schedule K-Combined except for the Contractor's Gross Receipts Tax Credit. Refer to line 6h of the Schedule K-Combined for the separate entity tax liability.

### **Nonrefundable Credits**

#### **Line 1 – New/Expanded Industry Credit**

In order to qualify, you must include a detailed schedule. A manufacturing company that begins or expands Montana operations and increases its total full-time employment by at least 30% is eligible for this credit. The amount of this credit is 1% of the total wages, as defined in 39-51-201, MCA, paid to new employees. This credit is available during each of the first three years after that company initiates or expands its manufacturing operation. This credit cannot be carried over. See 15-31-124 through 15-31-127, MCA.

#### **Line 2 – Montana Dependent Care Assistance Credit**

Please refer to Form DCAC.

#### **Line 3 – Montana College Contribution Credit**

Please refer to Form CC.

#### **Line 4 – Health Insurance for Uninsured Montanans Credit**

Please refer to Form HI.

#### **Line 5 – Montana Recycle Credit/Deduction**

Please refer to Form RCYL.

#### **Line 6 – Alternative Energy Production Credit**

Please refer to Form AEPC.

#### **Line 7 – Contractor's Gross Receipts Tax Credit**

A company that has paid public contractor's gross receipts tax under 15-50-207, MCA, is entitled to a nonrefundable credit for a taxable year within which the net income from contracts subject to the gross receipts tax is reported.

After the corporation has deducted its personal property taxes, it can apply the remaining credit, if any, to its corporate income tax liability. Starting in 2006, any excess credit can be carried forward to the next succeeding tax year for up to five years.

To support the credit that you claim, include a schedule or statement including the contract name (and number, if any), location, general description (e.g., building, road, bridge, etc.), name of awarding agency, name of prime contractor and the amount of gross receipts tax paid. If you report income from contracts on a percentage-of-completion basis, this credit has to be allocated proportionately. If you file a combined return in Montana and your contractor's gross receipts tax is paid by an affiliate, include the name and federal employer identification number (FEIN) of the affiliate and the amount of gross receipts tax paid.

#### **Line 8 – Alternative Fuel Credit**

Please refer to Form AFRC.

#### **Line 9 – Infrastructure User Fee Credit**

Please refer to Form IUFC.

#### **Line 10 – Qualified Endowment Credit**

Please refer to Form QEC.

#### **Line 11 – Historical Buildings Preservation Credit**

See 15-31-151, MCA. Include federal Form 3468 to qualify for this credit. A corporation may claim this credit for expenditures made for the preservation of certain historic buildings located in Montana. Qualifying historic buildings are those structures defined in Section 47(c) of the IRC. The allowable Montana credit is 25% of the federal rehabilitation credit provided for in Section 47(a) (2) of the IRC. Any unused credit can be carried forward for up to seven years succeeding the year in which the credit is generated.

#### **Line 12 – Increase Research and Development Activities Credit**

The Increasing Research and Development credit expired on December 31, 2010. Therefore, a current year credit cannot be claimed for periods beginning after December

31, 2010. Any unused credit from prior periods can be carried forward for up to 15 tax years. If you are claiming unused credit carryforward on this line, include a detailed schedule of the credit carryforward.

#### **Line 13 – Mineral Exploration Incentive Credit**

Please refer to Form MINE-CRED.

#### **Line 14 – Empowerment Zone Credit**

For tax periods beginning on or after October 1, 2003, an employer is allowed a credit for each new employee at a business in an empowerment zone under 15-31-134, MCA. To be eligible for this credit a corporation has to be certified by the Montana Department of Labor and Industry. The credit can be carried forward seven years and carried back three years.

#### **Line 15 – Biodiesel Blending and Storage Credit**

Please refer to Form BBSC.

#### **Line 16 – Geothermal System Credit**

Please refer to Form ENRG-A.

#### **Line 17 – Innovative Educational Program Credit**

For tax periods beginning on or after January 1, 2016, a corporation may claim a credit for contributions made to the educational improvement account provided for in 20-9-905, MCA, for the purpose of providing supplemental funding to public schools for innovative educational programs and technology deficiencies. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$150. This credit may not be carried over, and may not exceed the tax liability for the year the donation was made. This credit may not be claimed for any contributions deducted in the calculation of Montana taxable income. All donations must be made through the Montana Education Donations web portal located at [svc.mt.gov/dor/educationdonations](http://svc.mt.gov/dor/educationdonations) in order for them to qualify for this credit. You must also include a copy of the donation confirmation receipt with your return when claiming this credit. Refer to 15-30-3110, MCA.

#### **Line 18 – Student Scholarship Organization Credit**

For tax periods beginning on or after January 1, 2016, a corporation may claim a credit for contributions made to a student scholarship organization. The donor may not direct or designate contributions to a parent, legal guardian or specific qualified education provider. The amount of the credit allowed is equal to the amount of the donation, not to exceed \$150. This credit may not be carried over, and may not exceed the tax liability for the year the donation was made. This credit may not be claimed for any contributions deducted in the calculation of Montana taxable income. All donations must be made through the Montana Education Donations web portal located at [svc.mt.gov/dor/educationdonations](http://svc.mt.gov/dor/educationdonations) in order for them to qualify for this credit. You must also include a copy of the donation confirmation receipt with your return when claiming this credit. Please refer to 15-30-3111, MCA for more information

**Line 19 – Total Nonrefundable Credits**

Add lines 1 through 18 and enter the result on this line.

**Refundable Credits****Line 20 – Emergency Lodging Credit**

Please refer to Form ELC.

**Line 21 - Unlocking Public Lands Credit**

For tax periods beginning on or after January 1, 2017, a taxpayer is allowed a credit of \$750 for each qualified access to public land, as defined in 77-1-101, MCA. The maximum credit allowed is \$3,000. This credit can be claimed even if it exceeds the tax liability on line 10 of Form CIT. Any allowable credit in excess of the tax liability must be refunded. Refer to 15-30-2380, MCA.

**Line 22 – Total Refundable Credits**

Add lines 20 and 21 and enter the result on this line.

**Tax Credits Recapture****Line 23 – Qualified Endowment Credit Recapture**

If a charitable gift is recovered in the current year, the amount of tax due has to be increased by the amount of credit originally taken in the year the charitable gift was made. Enter the amount of credit recaptured on this line.

**Line 24 – Historical Buildings Preservation Credit Recapture**

If a federal credit is recaptured for expenditures associated with a historic building in Montana, the Montana credit has to be recaptured. Enter the amount of the credit recaptured on this line.

**Line 25 – Film Production Credit Recapture**

If a production company's certification is revoked after taking the credit, you have to recapture the credit on this line.

**Line 26 – Biodiesel Blending and Storage Credit Recapture**

If the facility ceases blending biodiesel for sale for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture. If the facility's biodiesel sales are not at least 2% of all diesel sales by the end of the third year after the credit is initially claimed, the credit is subject to recapture. The recapture is reported on this line.

**Line 27 – Total Recapture of Tax Credits**

Add line 23 through 26 and enter the result on this line.

**Line 28**

Add the total of lines 19 and 22, then subtract line 27. Enter the amount on this line and on line 13 on page 4 of Form CIT.

**INSTRUCTIONS FOR SCHEDULE K-COMBINED****Who needs to fill out Schedule K-Combined?**

If you are filing a combined return and have more than one company with Montana activity, you will need to compute each company's apportionment factor on a separate entity basis. Only include those companies with activity in Montana. Enter the totals of the Schedule K-Combined on the Schedule K.

**Completing the Schedule K-Combined**

Please refer to the instructions for Schedule K in this booklet for the calculation of the property, payroll and sales factors.

Everywhere Activity is the totals for the combined Montana filing group. The amount in column A of Schedule K-Combined should be the same amount reported in column A of Schedule K.

In each column under Montana Separate Entity Activity, enter the Corporation Name and FEIN of each entity with Montana activity. Do not include companies that have no Montana activity. The grand total of Montana Column represents the total Montana activity for the combined group. These amounts need to be reported on column B of Schedule K.

All intercompany eliminations must be made before completing the Schedule K-Combined.

**Line 5 – Apportionment Factor**

The total percentage on line 5b in column C of the Schedule K-Combined should be the same percentage reported on line 5 in column C of the Schedule K.

**Line 6 – Montana Taxable Income**

- 6a.** For each column, enter the combined group's Montana adjusted taxable income from line 4 on page 3 of Form CIT.
- 6b.** Multiply each column's separate entity apportionment factor by the combined group's Montana adjusted taxable income.
- 6c.** Income directly allocated to Montana should be included under the entity to which this income is related.
- 6d.** Add lines 6b and 6c; enter the result on this line.
- 6e.** Enter the net operating loss carryover for each separate entity. The net operating losses carried over must be calculated in the same manner using the Schedule K-Combined for each prior year. Please include a schedule detailing the computation of the net operating loss carryover. The total in column C of the Schedule K-Combined should equal the same amount reported on line 8 of page 3 of Form CIT.
- 6f.** Subtract line 6e from line 6d and enter the result on this line.
- 6g.** Enter the total of all columns on line 6f. The total amount for column C of the Schedule K-Combined should be the same as line 9, page 3 of Form CIT.

- 6h.** Multiply line 6f by 6.75% (7% for corporations filing under a valid water's edge election) and enter the total on this line. The corporation's Montana tax liability cannot be less than \$50 times the number of companies with Montana activity, regardless of whether the company has a net operating loss.
- 6i.** Add all columns on line 6h and enter the result. The total amount for column C of the Schedule K-Combined should be the same as line 10 on page 3 of Form CIT.
- 6j.** Credits must be applied on a separate entity basis, except for the Contractor's Gross Receipts Tax Credit. Enter the Montana credit(s) of each separate entity on this line.

- has less than 80% of its average payroll and property assigned to locations outside the United States, and
- is eligible to be included in a federal consolidated tax return as described in 26 U.S.C. 1501 through 1505, with the exception that the 80% ownership requirement described in 26 U.S.C. 1504 is reduced to ownership of more than 50% of the voting stock directly or indirectly owned or controlled by a member of the water's edge group.
- Domestic international sales corporations, as described in 26 U.S.C. 991 through 994, and foreign sales corporations, as described in 26 U.S.C. 921 through 927.
- Export trade corporations, as described in 26 U.S.C. 970 and 971.
- Foreign corporations deriving gain or loss from disposition of a United States real property interest to the extent recognized under 26 U.S.C. 897.
- A corporation incorporated outside the United States, if more than 50% of its voting stock is owned directly or indirectly by the taxpayer and if less than 80% of the average of its payroll and property is assignable to a location outside the United States.
- An affiliated entity that is in a unitary relationship with your corporation and that is incorporated in a tax haven country. Refer to Part IV for additional details.
- A portion of the after-tax net income of United States corporations that are excluded as 80/20 companies and the United States possession corporations described in Sections 931 through 934 and Section 936 of the IRC are considered dividends received from corporations that are incorporated outside of the United States. These deemed dividends are included in the apportionable income and are to be calculated in Part II.

## INSTRUCTIONS FOR SCHEDULE WE

### Who needs to fill out Schedule WE?

If a corporation has made a valid water's edge election, Schedule WE has to be filled out. A water's edge election allows a corporation to apportion its worldwide income to this state using only certain affiliated corporations' income, based upon attributes such as the location of the affiliate's payroll and property, and the percentage of ownership in the affiliate. See 15-31-322, MCA.

### Part I. Water's Edge Election

If you wish to use the water's edge filing method, you have to make an election by filing Form WE-ELECT within the first 90 days of the tax year for which it is to become effective. Each election binds you for a three-year renewable period. Form WE-ELECT has to be filed for each three-year period and must be submitted within the first 90 days of the tax period for which a subsequent election is to become effective. In order to revoke the election, you must make a request and receive written permission from the department. See 15-31-324, MCA.

On line 1, enter the tax periods for which a valid water's edge election has been approved by the department.

### Part II. How to Calculate the Deemed Dividends Received from 80/20 Companies

An 80/20 company is not eligible to be included in a water's edge filing group. A corporation that is incorporated in the United States that has more than 80% of the average of its payroll and property assignable to a location outside the United States is commonly referred to as an 80/20 company.

The water's edge combined return includes only the income and apportionment factors of the members of the unitary group that meet the criteria set forth in 15-31-322, MCA, and summarized below. If the affiliated entity meets any one of these criteria and is unitary, it is included in the combined return. If the affiliated entity does not meet any of these criteria, it is excluded from the combined return.

- An affiliated entity that:
  - is incorporated in the United States,
  - is in a unitary relationship with your corporation,

### Line 1 – Positive Taxable Income of 80/20 Companies

Using a by-company breakdown of your corporation's consolidated federal Form 1120, enter on this line the amount that you reported on line 30 for all 80/20 companies that had positive income. When you compute 80/20 positive taxable income for this line, do not include any 80/20 companies that reported a loss on line 30.

### Line 2 – Consolidated 1120 Positive Taxable Income

Enter the total of the amounts reported on your corporation's federal Form 1120 line 30 for all companies that had a positive income. When you compute consolidated 1120 positive taxable income, do not include any companies that reported a loss on line 30.

### Line 3 – Ratio of 80/20 Positive Income to Consolidated 1120 Income

Divide the amount on line 1 by the amount on line 2; enter the result on this line. Round out to at least the fourth decimal (example: 0.5555).

**Line 4 – Tax Liability as Reported on Consolidated 1120**

Enter the federal tax liability reported on your corporation's consolidated federal Form 1120, net of any federal tax credits.

**Line 5 – Federal Tax Liability Associated with 80/20 Companies**

Multiply line 3 by line 4; enter the result on this line.

**Line 6 – Section 78 Gross-Up Received by 80/20 Companies**

Enter the amount reported on your corporation's federal Schedule C for Section 78 gross-up that your 80/20 companies received during the tax period.

**Line 7 – After-Tax Net Income of 80/20 Companies**

Subtract line 5 and line 6 from line 1; enter the result on this line. If the result is less than zero, enter zero.

**Line 8 – After-Tax Net Income of Unconsolidated 80/20 Companies**

For all companies owned greater than 50% that are not included in your consolidated federal Form 1120, calculate the after-tax net income for your U.S. corporations that qualify as 80/20 companies by subtracting the tax liability from the taxable income on the corporation's federal return. Enter the total on this line.

**Line 9 – Total After-Tax Net Income**

Add lines 7 and 8; enter the total on this line.

**Line 10 – 20% Deemed Dividend from 80/20 Companies**

Multiply line 9 by 20% (0.20); enter the result on this line, and also on Form CIT, line 2g.

**Part III. List of 80/20 Companies****Column 1 – Name**

Enter the name of each company that qualified as an 80/20 company for the filing period.

**Column 2 – FEIN**

For each company listed in column 1, enter the 80/20 company's federal employer identification number (FEIN).

**Column 3 – Income/Loss**

For each company listed in column 1, enter the income or loss reported on your corporation's consolidated federal Form 1120, line 30.

**Column 4 – Dividends Received**

For each company listed in column 1, enter the total dividends received.

**Part IV. List of Controlled Foreign Corporations****Column 1 – Name**

Enter the name of each company incorporated outside the United States that the ultimate parent and its subsidiaries directly or indirectly owned greater than 50%. Also enter the name of each foreign partnership or foreign disregarded entity in which a corporation within the water's edge group held a direct or indirect interest.

**Column 2 – Country of Incorporation/Organization**

For each company listed in column 1, enter the country of incorporation or organization.

**Column 3 – Income/Loss**

For each company listed in column 1, enter the income or loss reported on line 18 of its federal Form 5471.

You are required to submit a copy of the federal Forms 5471 and 8858 of each company that is incorporated in a tax haven country during this filing period.

A water's edge return must include the income of each corporation that is in a unitary relationship with your corporation and is incorporated in a tax haven country. Please see 15-31-322, MCA. Tax haven countries currently include Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Samoa, San Marino, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos Islands, U.S. Virgin Islands and Vanuatu. This list has been updated and is effective for periods beginning after December 31, 2008. See ARM 42.26.301-313 for more information on the water's edge filing method.

Form CIT

2017 Montana Corporate Income Tax Return

Include a copy of federal Form 1120 as filed with the Internal Revenue Service

For calendar year 2017 or tax year beginning MMDD2017 and ending MMDDYYYY

Name, Mailing Address, City, State, Zip + 4, FEIN, Federal Business Code/NAICS, State Incorporated in, Date Qualified in Montana, MT Secretary of State ID

Mark all that apply:

- Office Use Only, Initial Return, Final Return, Amended Return, Refund Return

Part I - Filing Method.

- 1. Mark this box if you are exempt from tax under the provision of Public Law 86-272.
2. Are you a member (parent or subsidiary) of a consolidated group for federal purposes?
3. Are you filing a combined return for Montana purposes?
4. If you answered "Yes" to questions 2 or 3 above, then mark one of the following filing methods and include Schedule M:
5. If you answered "Yes" to questions 2 or 3 above, you must include pages 1 through 5 of the parent's consolidated federal Form 1120 that you filed with the Internal Revenue Service, and enter:

Part II - Amended Return Only. Mark all that apply.

- a. Federal Revenue Agent Report; include a complete copy of this report.
b. NOL carryback/carryforward; list year(s) of loss
c. Apportionment factor changes; include a statement explaining all adjustments in detail.
d. Amended federal tax return (Form 1120X); include a complete copy of the federal Form 1120X.
e. Application and/or change in tax credit; list type of credit being claimed
f. Other; include a statement explaining all adjustments in detail.

Part III - General Questions. All questions must be answered.

- a. Describe in detail the nature and location(s) of your Montana activities (if necessary, provide the description on an additional page)
b. Is this your corporation's first Montana tax return?
If this corporation is a successor to a previously existing business, enter the predecessor's information: Name, FEIN



See electronic options at revenue.mt.gov



\*17EP0101\*

**Part III - continued**

- c. Is this your corporation's final Montana tax return?.....  Yes  No  
 If "Yes," please include detailed statement and indicate whether your corporation has:  
 Withdrawn     Merged     Dissolved     Reorganized  
 Date of withdrawal, dissolution, merger, or reorganization \_\_\_\_\_  
 If applicable, enter the successor's name \_\_\_\_\_ FEIN  -
  - d. For any tax period(s), has the Internal Revenue Service issued an official notice of change or correction that you have not filed with the Montana Department of Revenue?.....  Yes  No  
 If "Yes," indicate what period(s) \_\_\_\_\_
  - e. Are any statute of limitation waivers currently in force that have been executed with the Internal Revenue Service?.....  Yes  No  
 If "Yes," which taxable year(s) is covered and what is the expiration date(s) of the waiver(s)? \_\_\_\_\_
  - f. Have you filed an amended federal tax return for any of the last five taxable periods?.....  Yes  No  
 If "Yes," for which years have you filed amended Montana returns? \_\_\_\_\_
  - g. Did an individual at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of this corporation? If "Yes," enter name \_\_\_\_\_ and % of ownership \_\_\_\_\_  Yes  No
  - h. Did a partnership, corporation, estate or trust at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of this corporation? If "Yes," enter name \_\_\_\_\_ and % of ownership \_\_\_\_\_  Yes  No
  - i. If the answer to question (g) or (h) is "Yes," did the same individual, partnership, corporation, estate or trust at the end of the taxable year also own, directly or indirectly, 50% or more of the voting stock of another (brother-sister) corporation?.....  Yes  No
  - j. Did this corporation or any member of the consolidated group own, directly or indirectly, 50% or more of the outstanding voting stock of a domestic corporation that is not included in the consolidated group? .....  Yes  No
  - k. Did this corporation or any member of the consolidated group own, directly or indirectly, 50% or more of the outstanding voting stock of a foreign corporation? .....  Yes  No
  - l. Was your corporation owned 50% or more, directly or indirectly, by a corporation or entity that was organized or incorporated outside the U.S.? If "Yes," enter foreign entity's name \_\_\_\_\_ and % of ownership \_\_\_\_\_  Yes  No
- If you answered "Yes" to any of the above questions (h) through (l), you need to complete and include Schedule M.**

**Part IV - Reporting of Special Transactions.**

Mark "Yes" if you filed any of the following forms with the Internal Revenue Service.  
You need to include with your Montana tax return a complete copy of any of these applicable forms.

- a. **I filed federal Form 8918 – Material Advisor Disclosure Statement with the Internal Revenue Service.**  Yes  No  
 Form 8918 is required to be filed by material advisors to any reportable transactions.
- b. **I filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.**  Yes  No  
**Mark "Yes" if your like-kind exchange includes Montana property.**  
 Form 8824 is used to report each exchange of business or investment property for property of a like-kind.
- c. **I filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.**  Yes  No  
 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).
- d. **I filed federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.**  Yes  No  
 Form 8886 is used to disclose information for each reportable transaction in which you participated.
- e. **I filed federal Schedule UTP – Uncertain Tax Position Statement with the Internal Revenue Service.**  Yes  No  
 Schedule UTP is used to disclose uncertain tax positions.





**Computation of Montana Taxable Income and Net Amount Due**

1. Taxable income reported on your federal tax return (line 28) (include a copy of signed federal Form 1120).. 1. 

	00
--	----

**2. Additions**

2a. State, local, foreign and franchise taxes based on income (include breakdown of your Form 1120, line 17).....	2a.	00			
2b. Federal tax exempt interest.....	2b.	00			
2c. Contributions used to compute qualified endowment credit.....	2c.	00			
2d. Income/loss of foreign parent and foreign subsidiaries for worldwide combined filers	2d.	00			
2e. Income/loss of unitary corporations not included in federal consolidated return.....	2e.	00			
2f. Deemed dividends—Water’s Edge filers only (include Schedule WE).....	2f.	00			
2g. Income/loss of corporations incorporated in tax havens—Water’s Edge filers only ....	2g.	00			
2h. Federal capital loss carry-over utilized on federal return (include Schedule D) .....	2h.	00			
2i. All of your other additions (include a detailed breakdown).....	2i.	00			
Add lines 2a through 2i and enter the result. <b>This is the total of your additions.</b> .....			2. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 20px;"> </td><td style="width: 20px; height: 20px;">00</td></tr></table>		00
	00				

**3. Reductions**

3a. IRC Section 243 dividend received deduction.....	3a.	00			
3b. Nonbusiness income (include a detailed breakdown) .....	3b.	00			
3c. Montana recycling deduction (include Form RCYL).....	3c.	00			
3d. Income/loss of nonunitary corporations included in federal consolidated return.....	3d.	00			
3e. Income/loss of 80/20 companies—Water’s Edge filers only.....	3e.	00			
3f. Capital loss incurred in current year (include federal Schedule D).....	3f.	00			
3g. All of your other reductions (include a detailed breakdown).....	3g.	00			
Add lines 3a through 3g and enter the result. <b>This is the total of your reductions</b> .....			3. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 20px;"> </td><td style="width: 20px; height: 20px;">00</td></tr></table>		00
	00				
4. Add lines 1 and 2, then subtract line 3 and enter the result. <b>This is your adjusted taxable income.</b> .....			4. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 20px;"> </td><td style="width: 20px; height: 20px;">00</td></tr></table>		00
	00				
5. Income apportioned to Montana (multiply line 4 X _____ % from Schedule K, line 5) .....			5. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 20px;"> </td><td style="width: 20px; height: 20px;">00</td></tr></table>		00
	00				

**Combined filers must use the Schedule K included on page 5 of Form CIT.**

6. Enter the income that you allocated directly to Montana (include a detailed breakdown).....	6.	00	
7. Montana taxable income before net operating loss (add lines 5 and 6 or enter amount reported on line 4) ..	7.	00	

If line 7 is a loss, do you wish to forego the net operating loss carry-back provision?  Yes  No

Note: If you have reported a loss on line 7 and have not marked either box, the loss has to be carried back first.

8. Enter your Montana net operating loss carried over to this period (include a detailed schedule) .....	8.	00	
9. Subtract line 8 from line 7 and enter the result here. <b>This is your Montana taxable income.</b> .....	9.	00	
10. Multiply line 9 by 6.75% (or line 9 by 7% if you have a valid Water’s Edge election). <b>This is your Montana tax liability.</b> (This amount cannot be less than the minimum tax liability of \$50.).....	10.	00	

Mark this box if you are calculating your tax liability using the Alternative Tax method (please see the Form CIT instructions before checking this box).

**Questions?** Call us at (406) 444-6900, or TDD (406) 444-2830 for hearing impaired.



**Computation of Montana Taxable Income and Net Amount Due (continued)**

11. Your Montana tax liability from line 10 ..... 11.   00

**12. Payments**

12a. 2016 overpayment.....	12a.	<input type="text"/>	<input type="text"/>	00
12b. Tentative payment .....	12b.	<input type="text"/>	<input type="text"/>	00
12c. Quarterly estimated tax payments.....	12c.	<input type="text"/>	<input type="text"/>	00
12d. Montana mineral royalty tax withheld (include Form(s) 1099).....	12d.	<input type="text"/>	<input type="text"/>	00
12e. Montana tax withheld from pass-through entities (include MT Schedule(s) K-1) .....	12e.	<input type="text"/>	<input type="text"/>	00
12f. All other payments. Describe .....	12f.	<input type="text"/>	<input type="text"/>	00
12g. Previously issued refunds. (Do not include any overpayments to 2018.).....	12g.	<input type="text"/>	<input type="text"/>	00
Add lines 12a through 12f and subtract line 12g; enter the result. <b>This is the total of your payments</b> .....				12. <input type="text"/> <input type="text"/> 00
13. Enter total credits (from Schedule C) .....	13.	<input type="text"/>	<input type="text"/>	00
14. Add lines 12 and 13, then subtract from line 11 and enter result. <b>This is your tax due or overpayment</b> ...	14.	<input type="text"/>	<input type="text"/>	00
15. Enter the amount of overpayment that you want to be applied to your 2018 estimated tax.....	15.	<input type="text"/>	<input type="text"/>	00
16. Add lines 14 and 15; enter the result. <b>This is your net tax due or overpayment</b> .....	16.	<input type="text"/>	<input type="text"/>	00
17. Enter interest on all the tax paid after the due date, calculated at 12% per year, on a daily basis .....	17.	<input type="text"/>	<input type="text"/>	00
18. Enter estimated tax underpayment interest (include Form CIT-UT) .....	18.	<input type="text"/>	<input type="text"/>	00

Mark this box if you are using the annualized income or adjusted seasonal income method.

**19. Penalty**

19a. Enter your late filing penalty (see instructions).....	19a.	<input type="text"/>	<input type="text"/>	00
19b. Enter your late payment penalty (see instructions) .....	19b.	<input type="text"/>	<input type="text"/>	00
Add lines 19a and 19b; enter the result. <b>This is your total penalty</b> .....				19. <input type="text"/> <input type="text"/> 00

20. Add lines 16 through 19; enter the result on line 20a or 20b below.

20a. If the result is positive, enter the amount due here. **This is your total amount due**. .... 20a.   00

Visit our website at [revenue.mt.gov](http://revenue.mt.gov) for electronic payment options or include your remittance payable to Montana Department of Revenue.

20b. If the result is negative, enter the refund due here. **This is your total refund**. .... 20b.   00

For Direct Deposit of your refund, complete 1, 2, 3 and 4. Please see instructions.

1. RTN#

2. ACCT#

3. If using direct deposit, you are required to mark one box.  Checking  Savings

4. Is this refund going to an account that is located outside of the United States or its territories?  Yes  No

 See electronic options at <a href="http://revenue.mt.gov">revenue.mt.gov</a>  Please mail your completed Form CIT to: MT Department of Revenue PO Box 8021 Helena, MT 59604-8021	<b>Paid preparer information. Please print.</b>		May the DOR discuss this return with your tax preparer?*(See instructions.)  <input type="checkbox"/> Yes <input type="checkbox"/> No
	Name		
	Address		
	City, State and Zip		
Contact's Name	Phone Number		
PTIN, SSN or FEIN	Date		

\*If you would like to authorize a representative to discuss tax matters with the department, you must complete a Power of Attorney form. This form is available at [revenue.mt.gov](http://revenue.mt.gov).

**Declaration** - Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

<b>Signature of Officer</b> <b>X</b>	<b>Date</b>	<b>Telephone Number</b>
Printed Name of Officer	Title	



**Schedule K - Apportionment Factors for Multi-State Taxpayers**

Enter dollar values in columns A and B. Enter percentages in column C.

	A. Everywhere	B. Montana	C. Factor
<b>1. Property Factor:</b> Enter average values for real and tangible personal property.			
1a. Land.....	00	00	
1b. Buildings.....	00	00	
1c. Machinery.....	00	00	
1d. Equipment.....	00	00	
1e. Furniture and fixtures.....	00	00	
1f. Leases and leased property.....	00	00	
1g. Inventories.....	00	00	
1h. Depletable assets.....	00	00	
1i. Supplies and other.....	00	00	
1j. Property of foreign subsidiaries included in combined unitary group	00	00	
1k. Property of unconsolidated subsidiaries included in combined unitary group	00	00	
1l. Property of pass-through entities included in combined unitary group.....	00	00	
1m. Multiply amount of rents by 8 and enter result.....	00	00	
<b>Total Property Value</b> - add lines 1a through 1m	00	00	
Divide the total in column B by the total in column A. Multiply that result by 100. <b>This is your property factor.</b> ....1.			<input type="text"/> %
<b>2. Payroll Factor:</b>			
2a. Compensation of officers.....	00	00	
2b. Salaries and wages.....	00	00	
Payroll included in:			
2c. Costs of goods sold.....	00	00	
2d. Other deductions.....	00	00	
2e. Payroll of foreign subsidiaries included in combined unitary group..	00	00	
2f. Payroll of unconsolidated subsidiaries included in combined unitary group	00	00	
2g. Payroll of pass-through entities included in combined unitary group	00	00	
<b>Total Payroll Value</b> - add lines 2a through 2g	00	00	
Divide the total in column B by the total in column A. Multiply that result by 100. <b>This is your payroll factor.</b> .....2.			<input type="text"/> %
<b>3. Sales (Gross Receipts) Factor:</b>			
3a. Gross sales, less returns and allowances.....	00		
3b. Sales delivered or shipped to Montana purchasers:			
(1) Shipped from outside Montana.....		00	
(2) Shipped from within Montana.....		00	
3c. Sales shipped from Montana to:			
(1) United States government.....		00	
(2) Purchasers in a state where the taxpayer is not taxable.....		00	
3d. Sales other than sales of tangible personal property (for example, service income).....		00	
3e. Net gains reported on federal Schedule D and federal Form 4797..	00	00	
3f. Other gross receipts (rents, royalties, interest, etc.).....	00	00	
3g. Sales (receipts) of foreign subsidiaries included in combined unitary group.....	00	00	
3h. Sales (receipts) of unconsolidated subsidiaries included in combined unitary group.....	00	00	
3i. Sales (receipts) of pass-through entities included in combined unitary group.....	00	00	
3j. Less: All intercompany transactions.....	00	00	
<b>Total Sales Value</b> - add lines 3a through 3j	00	00	
Divide the total in column B by the total in column A. Multiply that result by 100. <b>This is your sales factor.</b> .....3.			<input type="text"/> %
4. Add the percentages on lines 1, 2, and 3 in column C. <b>This is the sum of your factors.</b> .....4.			<input type="text"/> %
5. Divide the percentage on line 4 by the number of factors included in the calculation of line 4. If a property, payroll or sales factor is 0%, it is included in the calculation of line 4 if there is a value in column A (see instructions). Enter the result here and also on Form CIT, page 3, line 5. <b>This is your apportionment factor.</b> .....5.			<input type="text"/> %



**Schedule C - Tax Credits**

Type of Credit		Column A Current Year Earned	Column B Total Available	Column C Current Year Applied
<b>Nonrefundable Credits</b>				
1.	New/Expanded Industry Credit	00	00	00
2.	Montana Dependent Care Assistance Credit (include Form DCAC)	00	00	00
3.	Montana College Contribution Credit (include Form CC)	00	00	00
4.	Health Insurance for Uninsured Montanans Credit (include Form HI)	00	00	00
5.	Montana Recycle Credit (include Form RCYL)	00	00	00
6.	Alternative Energy Production Credit (include Form AEPC)	00	00	00
7.	Contractor's Gross Receipts Tax Credit (include supporting schedule)	00	00	00
8.	Alternative Fuel Credit (include Form AFRCR)	00	00	00
9.	Infrastructure Users Fee Credit (include Form IUFC)	00	00	00
10.	Qualified Endowment Credit (include Form QEC)	00	00	00
11.	Historical Buildings Preservation Credit (include federal Form 3468)	00	00	00
12.	Increase Research and Development Activities Credit		00	00
13.	Mineral and Coal Exploration Incentive Credit (include Forms MINE-CRED and MINE-CERT)	00	00	00
14.	Empowerment Zone Credit	00	00	00
15.	Biodiesel Blending and Storage Credit (include Form BBSC)	00	00	00
16.	Geothermal System Credit (include Form ENRG-A)	00	00	00
17.	Innovative Educational Program Credit	00	00	00
18.	Student Scholarship Organization Credit	00	00	00
19.	Add lines 1 through 18 and enter the result. <b>This is your total nonrefundable credits.</b>	00	00	00
<b>Refundable Credits</b>				
20.	Emergency Lodging Credit (include Form ELC)	00	00	00
21.	Unlocking Public Lands Credit	00	00	00
22.	Add lines 20 and 21 and enter the result. <b>This is your total refundable credits.</b>	00	00	00
<b>Tax Credits Recapture</b>				
23.	Qualified Endowment Credit Recapture			00
24.	Historical Buildings Preservation Credit Recapture			00
25.	Film Production Credit Recapture			00
26.	Biodiesel Blending and Storage Credit Recapture			00
27.	Add lines 23 through 26 and enter the result. <b>This is your total recapture of tax credits.</b>			00
28.	Add totals of lines 19 and 22; then subtract line 27. Enter the result here. <b>This is the total of your credits.</b> Enter the total in column C on Form CIT, page 4, line 13.	00	00	00

To receive these credits, you will have to include this Schedule C and the applicable credit forms or other required information.





### Schedule M - Affiliated Entities

Complete the schedules below if your corporation has an affiliated relationship with another business entity. Please note that both schedules must be completed if your corporation is a member of a U.S. consolidated group and has affiliated relationships with other business entities.

**1. Members of a U.S. Consolidated Group**

Please include your information in the following schedule for all members of your U.S. consolidated group. Include a separate sheet if necessary.

A	B	C	D		E		F
Federal Employer Identification Number (FEIN)	Name of affiliate/subsidiary/parent corporation	Percentage of ownership	Included in this Montana unitary filing?		Doing business in Montana?		Mark if filing Montana Form CIT separate from this unitary filing
			Yes	No	Yes	No	

**2. Affiliated Entities**

Please include information in the following schedule for all business entities that are not included in the U.S. consolidated group; i.e., partnerships, limited liability companies, disregarded entities, foreign subsidiaries owned greater than 50%, or unconsolidated subsidiaries owned greater than 50%. Please include entities that are owned by your corporation and entities that are owned by all members of your U.S. consolidated group. Include a separate sheet if necessary.

A	B	C	D		E		F
Federal Employer Identification Number (FEIN)	Name of entity	Percentage of ownership	Included in this Montana unitary filing?		Doing business in Montana?		Type of entity, i.e., foreign subsidiary, unconsolidated subsidiary, partnership, LLC, LLP
			Yes	No	Yes	No	



**Schedule K-Combined for Montana Form CIT  
Apportionment Factors for Combined Filers**

	A		B		C
	Everywhere Activity *	Corporate Name FEIN	Corporate Name FEIN	Grand Total of Montana Columns *	
<b>1. Property Factor</b> (Enter average values for real and tangible personal property)					
(1a) Land					
(1b) Buildings					
(1c) Machinery					
(1d) Equipment					
(1e) Furniture and fixtures					
(1f) Leases and leased property					
(1g) Inventories					
(1h) Depletable assets					
(1i) Supplies and other					
(1j) Property of foreign subsidiaries included in combined unitary group					
(1k) Property of unconsolidated subsidiaries included in combined unitary group					
(1l) Property of pass-through entities included in combined unitary group					
(1m) Multiply amount of rents by 8 and enter result					
(1n) Total Montana average property (Add lines (1a) through (1m) above)					
(1o) Total Everywhere average property (Enter in each column the total of lines (1a) through (1m) in the Everywhere column.)					
(1p) Separate entity Property Factor (Divide line (1n) by line (1o) and multiply the result by 100.)		%			%
(1q) Total Property Factor (Add columns on line (1p).)					
<b>2. Payroll Factor</b>					
(2a) Compensation of officers					
(2b) Salaries and wages					
Payroll included in:					
(2c) Costs of goods sold					
(2d) Other deductions					
(2e) Payroll of foreign subsidiaries included in combined unitary group					
(2f) Payroll of unconsolidated subsidiaries included in combined unitary group					
(2g) Payroll of pass-through entities included in combined unitary group					
(2h) Total Montana payroll (Add lines (2a) through (2g) above.)					
(2i) Total Everywhere payroll (Enter in each column the total of lines (2a) through (2g) in the Everywhere column.)					
(2j) Separate entity Payroll Factor (Divide line (2h) by line (2i) and multiply the result by 100.)		%			%
(2k) Total Payroll Factor (Add columns on line (2j).)					

\* Please include the amounts in columns A and B on Schedule K.



\*17EP0801\*

Schedule K-Combined for Montana Form CIT (continued)

Apportionment Factors for Combined Filers



\*17EP0901\*

	A		B		C
	Everywhere Activity *	Corporate Name FEIN	Corporate Name FEIN	Grand Total of Montana Columns *	
<b>3. Sales Factor</b>					
(3a) Gross sales, less returns and allowances					
(3b) Sales delivered or shipped to Montana purchasers:					
(1) Shipped from outside Montana					
(2) Shipped from within Montana					
(3c) Sales shipped from Montana to:					
(1) United States government					
(2) Purchasers in a state where the taxpayer is not taxable					
(3d) Sales other than sales of tangible personal property (i.e., service income)					
(3e) Net gains reported on federal Schedule D and federal Form 4797					
(3f) Other gross receipts (rents, royalties, interest, etc.)					
(3g) Sales (receipts) of foreign subsidiaries included in combined unitary group					
(3h) Sales (receipts) of unconsolidated subsidiaries included in combined unitary group					
(3i) Sales (receipts) of pass-through entities included in combined unitary group					
(3j) Less: All intercompany transactions					
(3k) Total Montana sales (Add lines (3a) through (3j).)					
(3l) Total Everywhere sales (Enter in each column the total of lines (3a) through (3j) in the Everywhere column.)					
(3m) Separate entity Sales Factor (Divide line (3k) by line (3l) and multiply the result by 100.)					
(3n) Total Sales Factor (Add columns on line (3m).)					
<b>4. Sum of the Factors</b> (Add lines (1p), (2j), and (3m) for each corporation.)					
<b>5. Apportionment Factor</b>					
(5a) Separate entity Apportionment Factor (Divide line 4 by the number of factors that can be included in the calculation. See instructions.)					
(5b) Total Apportionment Factor (Add columns on line (5a) and enter here. This should equal page 5, line 5 of the Schedule K.)					
<b>6. Montana Taxable Income</b>					
(6a) Montana adjusted taxable income. (Enter the amount from CIT, page 3, line 4.)					
(6b) Income apportioned to Montana (In each column, multiply line (5a) by line (6a).)					
(6c) Income directly allocated to Montana					
(6d) Montana taxable income before net operating loss (In each column, add lines (6b) and (6c).)					
(6e) Montana net operating loss (NOL) carryover on a separate entity basis					
Total NOL carryover (Add columns on line (6e). Enter this amount on line 8, page 3 of the CIT.)					
(6f) Montana taxable income (Subtract line (6e) from line (6d) and enter result.)					
(6g) Total Montana Taxable Income (Add all columns on line (6f) and enter result. This should equal line 9, page 3 of the CIT.)					
(6h) Montana tax liability (Multiply (6f) by 6.75% or 7% if you have a valid water's edge election.)					
(6i) Total Montana tax liability (Add all columns on line (6h) and enter the result. This should equal line 10, page 3 of the CIT.)					
(6j) Montana credits on a separate entity basis (Attach applicable form.)					

\* Please include the amounts in columns A and B on Schedule K.



### Schedule WE - Water's Edge Schedule

**Part I. Water's Edge Election**

1. Enter the tax periods for which a valid water's edge election has been approved \_\_\_\_\_

**Part II. Calculation of Deemed Dividends Received from 80/20 Companies**

1. Enter the positive federal line 30 income of your 80/20 companies. (See instructions).....1.	<input type="text" value=""/>	<input type="text" value="00"/>
2. Enter your consolidated 1120 positive federal line 30 income. (See instructions).....2.	<input type="text" value=""/>	<input type="text" value="00"/>
3. Divide the amount on line 1 by the amount on line 2. This is the ratio of your 80/20 positive income to your consolidated 1120 positive income .....3.	<input type="text" value=""/> <input type="text" value="."/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	
4. Enter the tax liability, after tax credits, which you reported on your consolidated 1120.....4.	<input type="text" value=""/>	<input type="text" value="00"/>
5. Multiply line 3 by line 4. This is the federal tax liability associated with your 80/20 companies ...5.	<input type="text" value=""/>	<input type="text" value="00"/>
6. Enter the section 78 gross-up received by your 80/20 companies (include schedule) .....6.	<input type="text" value=""/>	<input type="text" value="00"/>
7. Subtract the total of lines 5 and 6 from line 1; enter the result. This is the after-tax net income of your 80/20 companies. If the result is less than zero, enter zero .....7.	<input type="text" value=""/>	<input type="text" value="00"/>
8. Enter the after-tax net income of all unconsolidated 80/20 companies .....8.	<input type="text" value=""/>	<input type="text" value="00"/>
9. Add lines 7 and 8; enter the result. This is your total after-tax net income.....9.	<input type="text" value=""/>	<input type="text" value="00"/>
10. Multiply line 9 by 20% and enter the result here and on line 2(g) of Form CIT, page 3. <b>This is your 20% deemed dividend</b> .....10.	<input type="text" value=""/>	<input type="text" value="00"/>

**Part III. List your 80/20 Companies.** Include a separate sheet if necessary.

1. Name	2. FEIN	3. Income/Loss	4. Dividends Received
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
		<input type="text" value="00"/>	<input type="text" value="00"/>
<b>Totals</b>		<input type="text" value="00"/>	<input type="text" value="00"/>

**Part IV. List your Controlled Foreign Corporations.** Include a separate sheet if necessary.

1. Name	2. Country of Incorporation/Organization	3. Income/Loss
		<input type="text" value="00"/>
<b>Total</b>		<input type="text" value="00"/>





## Corporate Income Tax - Descriptions of Forms Available

CIT.....	Montana Corporate Income Tax Return
Schedule M.....	Affiliated Entities (included in booklet)
Schedule K-Combined.....	Apportionment Factors for Combined Filers (included in booklet)
Schedule WE.....	Water's Edge Schedule (included in booklet)
Form CT.....	Scannable Payment Voucher (included in booklet)
CIT-UT.....	Underpayment of Estimated Tax
CR-T.....	Application for Tax Certificate
ATL.....	Assumption of Tax Liability
ESL.....	Extension of Statute of Limitations
INA-CT.....	Affidavit of Corporate Inactivity
MHPE.....	Mobile Home Park Exclusion
MINE-CERT.....	Application and Approval for Mineral Exploration Incentive Credit
NEXUS.....	Nexus Questionnaire
RDF-CT.....	Application to be Considered a Research and Development Firm
WE-ELECT.....	Water's Edge Election

### Schedule C Tax Credit Forms:

DCAC.....	Montana Dependent Care Assistance Credit
CC.....	Montana College Contribution Credit
HI.....	Health Insurance for Uninsured Montanans Credit (Employer)
RCYL.....	Montana Recycling Credit/Deduction
AEPC.....	Alternative Energy Production Credit
AFCR.....	Alternative Fuel Credit
IUFC.....	Infrastructure User Fee Credit
QEC.....	Qualified Endowment Credit
MINE-CRED.....	Mineral and Coal Exploration Incentive Credit
BBSC.....	Biodiesel Blending and Storage Credit
ENRG-A.....	Geothermal System Credit
ELC.....	Emergency Lodging Credit

These forms are available on our website at [revenue.mt.gov](http://revenue.mt.gov). You can also order your forms by calling us at (406) 444-6900.

### Helpful Tips for Filing Your Tax Return

- File your federal and state tax returns electronically at the same time.
- If you send a payment, please either include the voucher provided in this booklet or go to our website at [revenue.mt.gov](http://revenue.mt.gov) to get a payment voucher. You can also make an electronic transfer from your checking or savings account or pay by credit card using our TransAction Portal (TAP) service at [revenue.mt.gov](http://revenue.mt.gov).
- Please be sure to answer all questions on pages 1 through 4 of the tax return and have an officer sign and date the return.
- Include a copy of your federal Form 1120. If you are a subsidiary of another corporation, you will need to include a copy of the federal Form 1120 prepared for the ultimate parent corporation of your group.
- If you are filing a return and requesting a refund, please check the "Refund Return" box located beneath the address information on page 1 of Form CIT.





Montana Department of Revenue  
Post Office Box 8021  
Helena, MT 59604-8021

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## ***You can e-file your Montana tax return!***

Montana participates in the joint federal/state electronic filing program. Please visit our website at ***revenue.mt.gov*** for information about electronic filing options.



### **Important Numbers**

Assistance and Help Line .....	(406) 444-6900
Forms Request.....	(406) 444-6900
For the Hearing Impaired.....	(406) 444-2830
Fax.....	(406) 444-6642