

# 2022 Montana Tax Updates



BUSINESS &  
INCOME TAXES  
DIVISION  
MONTANA

# Agenda

- 2022 Legislative Updates
- Annual and forms updates
  - Form 2
  - Form FID-3
  - Form PTE
- Other Department News

# **2022 Legislative Updates**

# Tax rate and EHRC Update

- Top marginal income tax rate decreases from 6.9% to 6.75%
- Increased Elderly Homeowner/Renter Credit
  - Standard exclusion increases from \$6,300 to \$12,600
  - Maximum credit increases from \$1,000 to \$1,150

# Innovative Educational Program and Student Scholarship Org. Credits

- Maximum credit is the amount of the donation up to \$200,000
- Nonrefundable
- Carryover of 3 years
- Taxpayer must be preapproved to claim the credit
- Donations reported by Public School District or SSO on [DOR Education Donation Portal](#)
- For TY 2023 the cap for each credit increases to \$2,000,000
- Credit is available on a 1<sup>st</sup>-come 1<sup>st</sup>-serve basis
- Donations for TY 2023 can be accepted beginning 1/1/2023
- Reporting by SSO and Public School Districts for TY 2023 begins 1/18/2023

# Jobs Growth Incentive Credit

- Available to employers that create qualifying net employee growth during the year
- Employers apply with [DLI](#) to claim the credit
- Equal to half of the FICA taxes for the new employees
- Nonrefundable credit with carryforward of 10 years
- Credit expires in TY 2028 and may be claimed for a maximum of 7 years
- Credit is claimed on Form JGI

# Income Tax Simplification

- TY 2023 is the last year Farm and Ranch Risk Management Account, First-time Homebuyer Account (FTHB) and Montana Medical Care Savings Account (MSA) contributions are eligible for a deduction
- Credits repealed as of TY 2022
  - [Adoption Credit](#)
  - [Alternative Energy Production Credit](#)
  - [Alternative Energy System Credit](#)
  - [Alternative Fuel Credit](#)
  - [Biodiesel and Blending Credit](#)
  - [College Contribution Credit](#)
  - [Dependent Care Assistance and Referral Credit](#)
  - [Elderly Care Credit](#)
  - [Emergency Lodging Credit](#)
  - [Empowerment Zone Credit](#)
  - [Energy Conservation Installation Credit](#)
  - [Geothermal System Credit](#)
  - [Health Insurance for Uninsured Montanans Credit](#)
  - [Mineral and Coal Exploration Incentive Credit](#)
  - Oilseed Crush Facility Credit

# Annual Updates





## Due Dates

<b>PTE</b>	Original	3/15/2023
	Extended	9/15/2023
<b>Form 2 and FID-3</b>	Original	4/18/2023
	Extended	10/16/2023
<b>2023 Estimated Payments</b>	1st quarter	4/18/2023
	2nd quarter	6/15/2023
	3rd quarter	9/15/2023
	4th quarter	1/16/2024

# 2022 Tax Rates

## 2022 Income Tax Rates

If taxable income is:

More than	But not more than	Then your rate is	Less
\$0	\$3,300	1% of taxable income	\$0
\$3,300	\$5,800	2% of taxable income	\$33
\$5,800	\$8,900	3% of taxable income	\$91
\$8,900	\$12,000	4% of taxable income	\$180
\$12,000	\$15,400	5% of taxable income	\$300
\$15,400	\$19,800	6% of taxable income	\$454
More than \$19,800		6.75% of taxable income	\$603

**2022  
Deductions,  
Exemptions,  
and  
Subtractions**

<b>Standard Deduction</b>	<b>Minimum</b>	Single: \$2,260 Joint/Head of Household: \$4,520
	<b>Maximum</b>	Single: \$5,090 Joint/Head of Household: \$10,180
<b>Personal Exemption</b>		\$2,710
<b>Partial Pension Exemption</b>		Maximum subtraction: \$4,640
		Fed AGI Phase-out: \$38,660
<b>Maximum MSA Contribution</b>		\$4,500

# 2023 Tax Rates

## 2023 Income Tax Rates

If taxable income is:

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

**2023  
Deductions,  
Exemptions,  
and  
Subtractions**

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

**2022  
Filing  
Requirements**

<b>Single or Married Filing Separately</b>	Under 65	\$5,090
	65 or older	\$7,800
<b>Head of Household</b>	Under 65	\$10,180
	65 or older	\$12,890
<b>Married Filing Jointly</b>	Both under 65	\$10,180
	One spouse 65 or older	\$12,890
	Both spouses 65 or older	\$15,600

# 2023 Interest Rates

<b>Individual rate</b>	5%
<b>Interest rate for non-individual income taxpayers</b>	9.25%

# Form 2 Changes



# Form 2, page 1

Page 1 For the year Jan 1 – Dec 31, 2022, or the tax year beginning  and ending

First name and initial		Last name	Social Security Number	Deceased?	Date of death
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text" value="MMDD20YY"/>

Mark if this is an amended return.

Spouse's first name and initial		Last name	Spouse's Social Security Number	Deceased?	Date of death
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>	<input type="text" value="MMDD20YY"/>

(See page 2)

Filing Status	Residency Status			ND reciprocity	
	<input type="checkbox"/> 1 Single	<input type="checkbox"/> 3 Head of household	<input type="checkbox"/> 4 Married filing jointly	<input type="checkbox"/> 1 Resident full-year	<input type="checkbox"/> (See instructions)
	<input type="checkbox"/> 2a Married filing separately on the same form			<input type="checkbox"/> 2 Nonresident full-year	
	<input type="checkbox"/> 2b Married filing separately on separate forms	If using 2b or 2c, enter your spouse's SSN below.		<input type="checkbox"/> 3 Resident part-year	<input type="checkbox"/> <b>Military Spouse</b>
<input type="checkbox"/> 2c Married filing separately and spouse not filing					

Dependents	First name	Last name	Social Security Number	Relationship	Mark if disabled
	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/>



# Form 2, Additions Schedule (page 4)

		<b>Montana Additions Schedule</b>			
		Enter your additions to Federal Adjusted Gross Income on the corresponding lines.			
		<b>A</b>		<b>B</b>	
<b>General Additions</b>	1 Recovery of federal income tax deducted in 2021 (See worksheet below)	1		00	00
	2 Other recoveries of amounts deducted in earlier years that reduced Montana taxable income	2		00	00
	3 Interest and mutual fund dividends from state, county, or municipal bonds from other states	3		00	00
	4 Dividends not included in Federal Adjusted Gross Income	4		00	00
	5 Adjustment for smaller federal estate and trust taxable distributions	5		00	00
<b>Savings Accounts</b>	6 Montana medical savings account nonqualified withdrawals (See page 3)	6		00	00
	7 First-time home buyer savings account nonqualified withdrawals	7		00	00
<b>Business Additions</b>	8 Allocation of compensation to spouse in sole proprietorship	8		00	00
	9 Federal net operating loss deduction	9		00	00
	10 Expenses used to claim a Montana tax credit	10		00	00
	11 Farm and ranch risk management account taxable distributions	11		00	00
	12 Enter your total additions from Montana Schedules K-1 (PTE), part 3, column I, line 1	12		00	00
	13 Title plant depreciation and amortization	13		00	00
	14 Other additions. Specify:	14		00	00
<b>Retirement</b>	15 Subtotal to figure taxable Social Security benefits. Combine lines 1 through 14.	15		00	00
	16 Addition to taxable Social Security benefits (See page 6)	16		00	00
<b>Total</b>	17 Add lines 15 and 16, and enter the total on page 1, line 2	17			
	<b>This is your total Montana Additions to Federal Adjusted Gross Income.</b>	17		00	00

# Form 2, Subtractions Schedule (page 5)

Business Subtractions	21	Allocation of compensation to spouse in sole proprietorship	21	00	00
	22	Montana net operating loss carryover from Form NOL	22	00	00
	23	Business-related expenses for purchasing recycled material. Include Form RCYL.	23	00	00
	24	Business expenses not included on page 1, line 11, due to an existing federal credit taken. (Do not include depreciation deductions)	24	00	00
	25	Certain expenses incurred by marijuana businesses (See instructions)	25	00	00
	26	Sales of land to beginning farmers	26	00	00
	27	Capital gains and dividends from small business investment companies	27	00	00
	28	Certain gains recognized by liquidating corporation	28	00	00
	29	Farm and ranch risk management account deposits. Include Form FRM.	29	00	00
	30	Capital gain on eligible sale of mobile home park	30	00	00
	31	Total subtractions from Montana Schedules K-1 (PTE), part 3, column I, line 2	31	00	00
Retirement	32	Partial retirement disability income exemption for taxpayers under age 65	32	00	00
	33	Federal taxable Tier II Railroad Retirement benefits entered on page 1, line 5b	33	00	00
	34	Partial pension, annuity, and IRA income exemption (See page 6)	34	00	00
	35	Subtotal to figure taxable Social Security benefits. <b>Combine lines 1 through 34.</b>	35	00	00
	36	Subtraction from federal taxable Social Security benefits (see page 6)	36	00	00
	37	Tier I Railroad Retirement benefits entered on page 1, line 6b	37	00	00
	Total	38	Add lines 35 through 37, and enter the total on page 1, line 13. <b>This is your total subtractions from Federal Adjusted Gross Income.</b>	38	00

# Form 2, Nonrefundable Credits Schedule (Page 9)

Nonrefundable Credits Schedule			
Enter your nonrefundable credits, including any carryover credits that may be available from 2021.		A	B
Nonrefundable	1 Resident capital gains credit. 2% of capital gain entered on page 1, line 7.	00	00
	2 Nonresident/part-year resident capital gains credit. 2% of capital gain entered on Nonresident/Part-Year Resident Ratio Schedule, line 7. (See page 8)	00	00
	3 Credit for an income tax liability paid to another state or country (See schedule below)	00	00
	4 Qualified endowment credit. Include Form QEC.	00	00
	5 Recycle credit. Include Form RCYL.	00	00
	6 Apprenticeship credit	00	00
	7 Trades education and training credit. Include Form TETC	00	00
Nonrefundable credits with carryover provision	8 Innovative educational program credit Credit confirmation code		
	Credit confirmation code		
	Credit confirmation code	00	00
	9 Student scholarship organization credit Credit confirmation code		
	Credit confirmation code		
	Credit confirmation code	00	00
	10 Contractor's gross receipts tax credit. If multiple CGR accounts, mark here CGR Account ID C G R		
	11 Historic property preservation credit. Include federal Form 3468	00	00
	12 Infrastructure users fee credit. Include Form IUFC	00	00
	13 Media credit. Include Form MEDIA-CLAIM UCRN		
	UCRN	00	00
	14 Jobs growth incentive credit. Include Form JGI	00	00
15 Carryforward amount from a repealed tax credit			
15a Tax credit code	00	00	
15b Tax credit code	00	00	
15c Tax credit code	00	00	
Total	16 Add lines 1 through 14 and 15a through 15c and enter the total on page 1, line 19 <b>This is your total nonrefundable credits</b>	00	00

# Form 2, Other Payments Schedule (page 11)

## Other Payments and Refundable Credits Schedule

Withholding reported on Forms W-2 and 1099 must be entered on page 1, line 21.

		A	B
Other Payments and Refundable Credits	1 2022 estimated tax payments	00	00
	2 Overpayment applied from 2021 return	00	00
	3 Total withholding from Montana Schedules K-1	00	00
	4 Loan-out withholding from Form LOWCERT	00	00
	5 Unlocking public lands credit	00	00
	6 Elderly homeowner/renter credit (See schedule on page 10, line 22)	00	
	7 Other payments (See instructions)	00	00
	8 If filing an amended return, payments made with original return.	00	00
Total			
9 Add lines 1 through 8, enter on page 1, line 22. This is your other payments and refundable credits.		00	00

# Form FID-3

# Form FID-3, page 2

40	2022 estimated tax payments	40
41	Overpayment applied from the 2021 return	41
42	Other Payments	42
43	If filing an amended return, payments made with original return	43
44	If filing an amended return, enter overpayments already refunded or applied to 2023.	44
45	Refundable credits. List credit forms.	45
46	Add lines 37 through 45. <b>This is your total payments and refundable credits.</b>	46
47	If line 36 is greater than line 46, subtract line 46 from line 36. <b>This is your tax due.</b>	47
48	If line 46 is greater than line 36, subtract line 36 from line 46. <b>This is your tax overpaid.</b>	48
49	Interest on underpayment of estimated taxes (See instructions)	49
50	Late filing, late payment penalties and interest (See instructions and table)	50
51	Other penalties (See instructions)	51
52	Add the amounts on lines 49 through 51. <b>This is your total penalties and interest.</b>	52



# Form PTE

# Form PTE, page 1

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

1 Ordinary business income (loss)		1	00
2 Net rental real estate income (loss) (include federal Form 8825)		2	00
3a Other gross rental income (loss)	3a	00	
3b Expenses from other rental activities (include detailed statement)	3b	00	
3 Subtract line 3b from line 3a.	<b>This is your other net rental income or loss.</b>	3	00
4a Guaranteed payments: Services	4a	00	
4b Guaranteed payments: Capital	4b	00	
4 Add lines 4a and 4b	<b>This is your total guaranteed payments.</b>	4	00
5 Interest income		5	00

# Form PTE, page 1

16	Add lines 16a through 16d.	This is your deductions including nonapportionable income.	16		00
17	Add lines 14 and 15, then subtract line 16.		17		00
	<b>Schedule I not required:</b>	<input type="checkbox"/> 100% Montana activity	<input type="checkbox"/> 0% Montana activity		
18	Income (loss) apportioned to Montana. Multiply line 17 x <input type="text"/> %		18		00
19a	Total Montana source income received from pass-through entities (Montana source income from MT Schedules K-1 issued to this entity)		19a		00
19b	Total Montana source income from Schedules VII		19b		00
19c	Nonapportionable income allocated to Montana. (See instructions)		19c		00
19	Add lines 19a through 19c.	This is the total nonapportionable income (loss) sourced to Montana.	19		00
20	Add lines 18 and 19; enter result.	This is your total Montana source income.	20		00

# Form PTE, page 2

- 21 Enter your total composite tax from Schedule IV, column H
- 21a Enter the PTE's tax liability resulting from an adjustment to partnership income. (See instructions)
- 21b Previously unreported Montana source income from federal Form 8082 (See instructions)
- 22 Enter the sum of pass-through withholding from all owners' MT Schedules K-1, Part 5, line 3a

21		00
21a		00
21b		00
22		00

# Form PTE, Schedule II (page 4)

## Schedule II – Montana Pass-Through Entity Tax Credits

Use the corresponding credit code in the table below to report the credit you are claiming in Column A. If you were provided an authorization number to claim the credit, enter that number in Column B. Report the total amount of credit in Column C. Use Montana Schedule K-1 to notify each owner of their share of the credit. Attach a copy of the credit's form to your return (if applicable). See instructions for more information.

	A	B	C
	Credit Code	Credit Authorization Number	Amount of credit
1			00
2			00
3			00
4			00
5			00
6			00
7			00
8			00
9			00
10			00

Credit name	Credit Code
Apprenticeship tax credit	APP
Contractor's gross receipts tax credit	CGR
Historic property preservation credit	HPP
Infrastructure user fee credit	IUF
Innovative educational program credit	IEP
Jobs growth incentive credit	JGI
Media credit	MED
Qualified endowment credit	QET
Recycle credit	RCY
Student scholarship organization credit	SSO
Trades education and training credit	TET
Unlocking public lands credit	UPL

# Form PTE, MT Schedule K-1 (page 11)

Part 2 Owner Information	Name				FEIN					
					OR					
	Mailing Address				SSN					
					Beneficial owner					
	City		State		ZIP Code					
	Owner Type		Resident		Nonresident					
	Special Allocations (See instructions)									
The owner is included in a composite income tax return										
					Profit and loss percentage				%	
					Capital/Ownership				%	

# Form PTE, MT Schedule K-1 (page 11)

Part 5 Information	<b>Supplemental Information</b>			
	The owner filed Form PT-AGR	Year	The owner is a Domestic 2nd tier PTE	
	1	Owner's share of Montana source income (loss)	1	00
	2	Montana composite income tax paid on behalf of owner	2	00
	3a	Montana income tax withheld on behalf of owner. (See instructions)	3a	00
	3b	Montana income tax withheld by a lower tier pass-through entity	3b	00
	3c	Add lines 3a and 3b. <b>This is your total Montana income tax withheld on your behalf.</b>	3c	00
	4	Montana mineral royalty tax withheld	4	00
5	Other information. List type and amount	5	00	

# Form PTE, MT Schedule K-1 (page 11)

Part 6 Tax Credits	Tax Credits		
	Credit Code	Credit Authorization Number	Amount of credit
1			00
2			00
3			00



# Other Department News

- Withholding tables updated for TY2023
- Rule update: Appeals deadlines for informal review and to the Office of Dispute Resolution extended to 45 days
- Form CR-T, Request for a Tax Certificate updated and available on TAP only
- Form 2EC on TAP
- Upcoming DOR Webinars
  - [Elderly Homeowner/Renter Credit](#) – December 8
  - [Income Tax Simplification in Tax Year 2024](#) – December 13

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