

Taxable Income	41	Montana adjusted gross income from line 40.	▶	41		41	
	42	Deductions (check only one box)	Standard Deduction (see Worksheet V on page 51).	▶	42	42	
			Itemized Deductions from Form 2, Schedule III, line 34.	▶	42	42	
	43	Subtract line 42 from line 41 and enter the result here.		▶	43		43
	44	Exemptions (All individuals are entitled to at least one exemption.) Multiply \$2,110 by the number of exemptions on line 6d and enter the result here.		▶	44		44
45	Subtract line 44 from line 43 and enter the result here. This is your taxable income.		▶	45		45	
Tax, Nonrefundable credits and Recapture	46	Tax from the tax table on page 16 or from Form 2, page 3. If line 45 is zero or less than zero, enter zero.		▶	46	46	
	47	2% capital gains tax credit.		▶	47	47	
	48	Subtract line 47 from line 46; enter the result here, but not less than zero. This is your resident tax after capital gains tax credit.		▶	48	48	
	48a	Nonresident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 21, but not less than zero.		▶	48a	48a	
	49	Tax on lump-sum distributions. Attach federal Form 4972.		▶	49	49	
	50	Add lines 48 or 48a and 49 and enter the result here. This is your total tax.		▶	50	50	
	51	Enter the amount from Form 2, Schedule V, line 24, but do not enter an amount larger than the amount on line 50. This is your total nonrefundable credits.		▶	51	51	
	52	Recapture tax(es) (see instructions on page 17).	Code	▶	52	52	
	53	Add lines 50 and 52, then subtract the amount on line 51 and enter the result here. This is your 2009 tax liability.		▶	53	53	
Payments and Refundable Credits	54	Montana income tax withheld. Attach federal Form(s) W-2 and 1099.		▶	54	54	
	55	Montana mineral royalty tax withheld. Attach federal Form(s) 1099 and supporting schedule if any.		▶	55	55	
	56	Montana pass through entity withholding. Attach Montana Schedule K-1 or Form PT-WH		▶	56	56	
	57	2009 estimated tax payments and amount applied from your 2008 return.		▶	57	57	
	58	2009 extension payments from Form EXT-09.		▶	58	58	
	59	Refundable credits from Form 2, Schedule V, line 30.		▶	59	59	
	60	If filing an amended return: Payments made with original return.		▶	60	60	
	61	If filing an amended return: Previously issued refunds.		▶	61	61	
62	Add lines 54 through 60. Subtract line 61, enter the result here. This is your total payments.		▶	62	62		
63	If line 53 is greater than line 62, subtract line 62 from line 53. This is your tax due.		▶	63	63		
64	If line 62 is greater than line 53, subtract line 53 from line 62. This is your tax overpaid.		▶	64	64		
Penalties, Interest and Contributions	65	Interest on underpayment of estimated taxes (see instructions on page 19).		▶	65	65	
	66	Late file penalty, late payment penalties and interest (see instructions and table on pages 19 and 20).		▶	66	66	
	67	Other penalties (see instructions on page 20).		▶	67	67	
	68	Voluntary check-off contribution programs from Form 2, page 3.		▶	68	68	
	69	Add lines 65 through 68 and enter the result here. This is the sum of your total penalties, interest and contributions.		▶	69	69	
Amount You Owe or Your Refund	70	If you have tax due (amount on line 63), add lines 63 and 69 OR, if you have a tax overpayment (amount on line 64) and it is less than line 69, subtract line 64 from line 69. Enter the result here. If married filing separately and there are amounts on lines 63 and 64, please see instructions on page 21. This is the amount you owe.		▶	70	70	
	71	If you have a tax overpayment (amount on line 64) and it is greater than line 69, subtract line 69 from line 64 and enter the result here. This is your overpayment.		▶	71	71	
	72	Enter the amount on line 71 that you want applied to your 2010 estimated taxes.		▶	72	72	
	73	Subtract line 72 from line 71 and enter the result here. This is your refund.		▶	73	73	

For Direct Deposit of your refund, complete 1, 2, 3, and 4. Please see instructions on page 22.	1. RTN# <input type="text"/>	2. ACCT# <input type="text"/>
	3. If using direct deposit, you are required to mark one box. <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
	4. Is this refund going to an account that is located outside of the United States or its territories? <input type="checkbox"/> Yes <input type="checkbox"/> No	

If applicable, check appropriate box. <input type="checkbox"/> 2/3 farming gross income <input type="checkbox"/> Estimated payments were made using the annualization method	Name, address and telephone number of paid preparer	<input type="checkbox"/> Check this box and attach a copy of your federal Form 4868 to receive your Montana extension. <input type="checkbox"/> Do not mail forms and instructions next year
	Paid preparer's SSN, FEIN or PTIN: <input type="text"/>	

May the DOR discuss this tax return with your tax preparer? Yes No

Your signature is required	Date	Daytime telephone number	Spouse's signature	Date
X			X	

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

Voluntary Check-off Contributions						
Check the appropriate box(es) below if you wish to contribute in addition to your existing tax liability. Please enter the total amount on Form 2, line 68.						
68a.	Nongame Wildlife Program	\$5 ▶		\$10 ▶		or specify amount ▶
68b.	Child Abuse Prevention	\$5 ▶		\$10 ▶		or specify amount ▶
68c.	Agriculture in Schools	\$5 ▶		\$10 ▶		or specify amount ▶
68d.	Montana Military Family Relief Fund	\$5 ▶		\$10 ▶		or specify amount ▶
Total voluntary check-off contributions.						

Schedule I - Montana Additions to Federal Adjusted Gross Income			Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
Enter on the corresponding line your additions to federal adjusted gross income. File Schedule I with your Montana Form 2.			▼	▼
1	Interest and mutual fund dividends from state, county, or municipal bonds from other states.	▶	1	1
2	Dividends not included in federal adjusted gross income.	▶	2	2
3	Taxable federal refunds. Complete Worksheet II on page 49.	▶	3	3
4	Other recoveries of amounts deducted in earlier years that reduced Montana taxable income. Complete Worksheet IX (available at revenue.mt.gov).	▶	4	4
5	Addition to federal taxable social security. Complete Worksheet VIII on page 53.	▶	5	5
6	Sole proprietor's allocation of compensation to spouse.	▶	6	6
7	Medical care savings account nonqualified withdrawals.	▶	7	7
8	First-time home buyer savings account nonqualified withdrawals.	▶	8	8
9	Farm and ranch risk management account taxable distributions.	▶	9	9
10	Addition for dependent care assistance credit adjustment.	▶	10	10
11	Addition for smaller federal estate and trust taxable distributions.	▶	11	11
12	Federal net operating loss carryover reported on Form 2, line 21.	▶	12	12
13	Share of federal income taxes paid by your S corporation.	▶	13	13
14	Title plant depreciation and amortization.	▶	14	14
15	Premiums for Insure Montana Small Business Health Insurance credit.	▶	15	15
16	Other additions. Specify: ▶	▶	16	16
17	Add lines 1 through 16. Enter total here and on Form 2, line 38. This is your total Montana additions to federal adjusted gross income. ▶	▶	17	17

2009 Montana Individual Income Tax Table									
If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax	If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax
\$0	\$2,600	1% (0.010)	\$0		\$9,300	\$12,000	5% (0.050)	\$233	
\$2,600	\$4,500	2% (0.020)	\$26		\$12,000	\$15,400	6% (0.060)	\$353	
\$4,500	\$6,900	3% (0.030)	\$71		More Than \$15,400		6.9% (0.069)	\$492	
\$6,900	\$9,300	4% (0.040)	\$140						

For Example: Taxable Income \$6,800 X 3% (0.030) = \$204. \$204 Minus \$71 = \$133 Tax

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Schedule II - Montana Subtractions from Federal Adjusted Gross Income Enter on the corresponding line your subtractions from federal adjusted gross income. File Schedule II with your Montana Form 2.			Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼
1	Exempt interest and dividends from federal bonds, notes, and obligations.	▶	1	1
2	Exempt tribal income. Attach Form IND.	▶	2	2
3	Exempt unemployment compensation.	▶	3	3
4	Exempt workers' compensation benefits.	▶	4	4
5	Exempt capital gains and dividends from small business investment companies.	▶	5	5
6	State income tax refunds included in Form 2, line 10.	▶	6	6
7	Recoveries of amounts deducted in earlier years that did not reduce Montana income.	▶	7	7
8	Exempt military salary of residents on active duty.	▶	8	8
9	Exempt income of nonresident military servicepersons and spouses.	▶	9	9
10	Exempt life-insurance premiums reimbursement for National Guard and Reservist.	▶	10	10
11	Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 23 below.	▶	11	11
12	Partial interest exemption for taxpayers 65 and older.	▶	12	12
13	Partial retirement disability income exemption for taxpayers under age 65. Attach Form DS-1.	▶	13	13
14	Exemption for certain taxed tips and gratuities.	▶	14	14
15	Exemption for certain income of child taxed to parent.	▶	15	15
16	Exemption for certain health insurance premiums taxed to employee.	▶	16	16
17	Exemption for student loan repayments taxed to health care professional.	▶	17	17
18	Exempt medical care savings account deposits and earnings. Attach Form MSA	▶	18	18
19	Exempt first-time home buyer savings account deposits and earnings. Attach Form FTB.	▶	19	19
20	Exempt family education savings account deposits and earnings.	▶	20	20
21	Exempt farm and ranch risk management account deposits. Attach Form FRM.	▶	21	21
22	Subtraction to federal taxable social security/Tier I Railroad Retirement reported on Form 2, line 20b.	▶	22	22
23	Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b.	▶	23	23
24	Passive loss adjustment.	▶	24	24
25	Capital loss adjustment.	▶	25	25
26	Subtraction of sole proprietor for allocation of compensation to spouse.	▶	26	26
27	Montana net operating loss carryover from Montana Form NOL, Schedule B.	▶	27	27
28	40% capital gain exclusion for pre-1987 installment sales.	▶	28	28
29	Subtraction for business related expenses for purchasing recycled material.	▶	29	29
30	Subtraction for sales of land to beginning farmers.	▶	30	30
31	Subtraction for larger federal estate and trust taxable distribution.	▶	31	31
32	Subtraction for wage deduction reduced by federal targeted jobs credit.	▶	32	32
33	Subtraction for certain gains recognized by liquidating corporation.	▶	33	33
34	Other subtractions. Specify: <input type="text"/>	▶	34	34
35	Add lines 1 through 34, enter total here and on Form 2, line 39. This is your total Montana subtractions from federal adjusted gross income.▶		35	35

Schedule III - Montana Itemized Deductions Enter on the corresponding line your itemized deductions. File Schedule III with your Montana Form 2.						Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼
1	Medical and dental expenses. ▶	1			1		
2	Enter amount from Form 2, line 41. ▶	2			2		
3	Multiply line 2 by 7.5% (0.075). ▶	3			3		
4	Subtract line 3 from line 1 and enter result here but not less than zero. This is your deductible medical and dental expense subject to 7.5% of Montana AGI. ▶	4			4		4
5	Medical insurance premiums not deducted elsewhere on your return. ▶	5			5		5
6	Long term care insurance premiums not deducted elsewhere on your return. ▶	6			6		6
Complete lines 7a through 7d reporting your total federal income tax payments made in 2009 before completing line 7e. You cannot deduct your self-employment taxes paid on lines 7a through 7d.							
7a	Federal income tax withheld in 2009. ▶	7a			7a		
7b	Federal estimated tax payments paid in 2009. ▶	7b			7b		
7c	2008 federal income taxes paid in 2009. ▶	7c			7c		
7d	Other back year federal income taxes paid in 2009. Attach federal Form 1040 or 1040A. ▶	7d			7d		
7e	Add lines 7a through 7d and enter result here, but no more than \$5,000 if you are filing single, head of household, or married filing separately; or \$10,000 if filing a joint return with your spouse. This is your federal income tax deduction. ▶	7e			7e		7e
8	General state and local sales taxes paid in 2009. See instructions ▶	8			8		8
9	Local income taxes paid in 2009 (see instructions on page 33). ▶	9			9		9
10	Real estate taxes paid in 2009. ▶	10			10		10
11	Personal property taxes paid in 2009. (See instructions on page 33) ▶	11			11		11
12	Other deductible taxes paid in 2009. List type and amount: ▼ ▶	12			12		12
13	Home mortgage interest and points reported to you on federal Form 1098. ▶	13			13		13
14	Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address. ▼ ▶	14			14		14
15	Points not reported to you on federal Form 1098. ▶	15			15		15
16	Qualified mortgage insurance premiums. (See instructions on page 33) ▶	16			16		16
17	Investment interest. Attach federal Form 4952. ▶	17			17		17
18	Contributions made by cash or check during 2009. ▶	18			18		18
19	Contributions made by other than cash or check during 2009. ▶	19			19		19
20	Contribution carryover from the prior year. ▶	20			20		20
21	Child and dependent care expenses. Attach Montana Form 2441M. ▶	21			21		21
22	Casualty and theft loss(es). Attach federal Form 4684. ▶	22			22		22
23	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ. ▶	23			23		
24	Other expenses. List type and amount: ▼ ▶	24			24		
25	Add lines 23 and 24. ▶	25			25		
26	Enter the amount from Form 2, line 41. ▶	26			26		
27	Multiply line 26 by 2% (0.02). ▶	27			27		
28	Subtract line 27 from line 25 and enter the result here, but not less than zero. ▶	28			28		28
29	Political contributions (limited to \$100 per taxpayer). ▶	29			29		29
30	Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount: ▼ ▶	30			30		30
31	Gambling losses allowed under federal law. ▶	31			31		31
32	Add lines 4 through 6; 7e through 22; and 28 through 31 and enter result here. ▶	32			32		32
If the amount on Form 2, line 41 is more than \$166,800 if married filing jointly, or more than \$83,400 if married filing separately, complete Worksheet VI-A - Itemized Deduction Worksheet, otherwise enter zero on line 33.							
33	Enter the amount from the itemized deduction Worksheet VI-A, page 51, line 10. This is the amount of your non-allowed itemized deductions. ▶	33			33		33
34	Subtract line 33 from line 32 and enter the result here and on Form 2, line 42. This is the amount of your allowable itemized deductions. ▶	34			34		34

Schedule IV - Nonresident/Part-Year Resident Tax		Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼
Enter on lines 1 through 15 your Montana source income that is included in Montana adjusted gross income on Form 2, lines 7 through 21 and line 38. File Schedule IV with your Montana Form 2.			
1	Montana wages, salaries, tips, etc. included on Form 2, line 7. ▶	1	1
2	Montana taxable interest included on Form 2, line 8a. ▶	2	2
3	Montana ordinary dividends included on Form 2, line 9. ▶	3	3
4	Montana taxable refunds, credits, or offsets of state and local income taxes included on Form 2, line 10. ▶	4	4
5	Montana alimony received included on Form 2, line 11. ▶	5	5
6	Business income or (loss) included on Form 2, line 12. ▶	6	6
7	Capital gain or (loss) included on Form 2, line 13. ▶	7	7
8	Other gains or (losses) included on Form 2, line 14. ▶	8	8
9	Taxable IRA distribution included on Form 2, line 15b. ▶	9	9
10	Taxable pension and annuities included on Form 2, line 16b. ▶	10	10
11	Rental real estate, royalties, partnerships, S corporations, trust, etc. included on Form 2, line 17. ▶	11	11
12	Farm income or (loss) included on Form 2, line 18. ▶	12	12
13	Taxable social security benefits included on Form 2, line 20b. ▶	13	13
14	Other income included on Form 2, line 21. ▶	14	14
15	Montana source additions to income reported on Form 2, Schedule I. ▶	15	15
16	Add lines 1 through 15 and enter result here. This is your Montana source income. ▶	16	16
17	Add your total federal income from Form 2, line 22 and your Montana additions to federal adjusted gross income from line 38 and enter the result here. Skip line 18 and go to line 19. (If you are a nonresident military service person and spouse, skip line 17 and go to line 18). This is your total income from all sources. ▶	17	17
18	Nonresident military service persons and spouses only: Add from Form 2, lines 22 and 38, then subtract from this sum your exempt income reported on Form 2, Schedule II, line 9, and enter the result here. This is your total income from all sources. ▶	18	18
19	Divide the amount on line 16 by the amount on line 17 or line 18 (if you are a nonresident military service person and spouse) and enter the result here. Carry to 4 decimal places and do not enter more than 1.0000. ▶	19	19
20	Enter your resident tax after capital gains tax credit from Form 2, line 48. ▶	20	20
21	Multiply the tax on line 20 by the percentage on line 19 and enter the result here and on Form 2, line 48a. This is your nonresident, part-year resident tax after capital gains tax credit. ▶	21	21

How do I determine what qualifies as my Montana source income when I am a nonresident of Montana?

In general, as a nonresident of Montana your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

How do I determine my Montana source income when I am a part-year resident of Montana?

As a part-year resident you are considered a resident for part of the year and a nonresident for the other part of the year.

In general, for the part of the year that you are a nonresident your Montana source income is all the income that you receive for work that you perform in Montana, income that you receive from real or personal property that is located in Montana, and income that you receive from a business conducted in Montana.

For the part of the year that you are a resident, all of your income that you receive, no matter where you earn it, is Montana source income.

Where can I find further information on what is my Montana source income?

For further information and a line-by-line description of what Montana source income is, refer to Form 2, Schedule IV instructions beginning on page 36.

Schedule V - Montana Tax Credits Enter on the corresponding line your Montana tax credits. File Schedule V with your Montana Form 2.		Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼										
Nonrefundable credits that are single-year credits and HAVE NO carryover provision													
1	Credit for an income tax liability paid to another state or country from Form 2, Schedules VI, line 10 or VII, line 10. ▶	1	1										
2	College contribution credit. Attach Form CC. ▶	2	2										
3	Qualified endowment credit. Attach Form QEC. ▶	3	3										
4	Energy conservation installation credit. Attach Form ENRG-C. ▶	4	4										
5	Alternative fuel credit. Attach Form AFCR. ▶	5	5										
6	Rural physician's credit. ▶	6	6										
7	Health insurance for uninsured Montanans credit. Attach Form HI. ▶	7	7										
8	Elderly care credit. Attach Form ECC. ▶	8	8										
9	Recycle credit. Attach Form RCYL. ▶	9	9										
Nonrefundable credits that HAVE a carryover provision													
10	Oilseed crushing and biodiesel/biolubricant production facility credit. Attach Form OSC. ▶	10	10										
11	Biodiesel blending and storage credit. Attach Form BBSC. ▶	11	11										
12	Contractor's gross receipts tax credit. ▶	12	12										
13	Geothermal systems credit. Attach Form ENRG-A. ▶	13	13										
14	Alternative energy systems credit. Attach Form ENRG-B. ▶	14	14										
15	Alternative energy production credit. Attach Form AEPC. ▶	15	15										
16	Dependent care assistance credit. Attach Form DCAC. ▶	16	16										
17	Historic property preservation credit. Attach federal Form 3468. ▶	17	17										
18	Infrastructure users fee credit. Attach Form IUFC. ▶	18	18										
19	Empowerment zone credit. ▶	19	19										
20	Increasing research activities credit. Attach Form RSCH. ▶	20	20										
21	Mineral exploration incentive credit. Attach Form MINE-CRED. ▶	21	21										
22	Film employment production credit. Attach Form FPC. Report your credit on this line if you have made the one-time four year carry forward election. ▶	22	22										
23	Adoption credit. Attach federal Form 8839. ▶	23	23										
24	Add lines 1 through 23 and enter result here and on Form 2, line 51. This is your total nonrefundable credits. ▶	24	24										
Refundable credits													
25	Elderly homeowner/renter credit. Attach Form 2EC. ▶	25	25										
26	Film employment production credit. Attach Form FPC. ▶	26	26										
27	Film qualified expenditures credit. Attach Form FPC. ▶	27	27										
28	Insure Montana small business health insurance credit. Business FEIN: ▶ <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> ▶											28	28
29	Temporary Emergency Lodging credit. Attach Form TELC. ▶	29	29										
30	Add lines 25 through 29 and enter result here and on Form 2, line 59. This is your total refundable credits. ▶	30	30										

Montana Tax Credits

We have listed the 27 Montana tax credits available to you under three categories. With the exception of the capital gains tax credit, which is required to be applied before any other credit, you are not required to apply any of these 27 tax credits against your income tax liability in any particular order.

Nonrefundable single-year credits.

Your nonrefundable single-year credits can only be used to offset your 2009 resident, nonresident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion that exceeded your 2009 income tax liability cannot be used in future years.

Nonrefundable carryover credits.

Your nonrefundable carryover credits can be used to offset your 2009 resident, nonresident, or part-year resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess credits that were not applied against your 2009 income tax liability can be carried over and used to offset future year tax liabilities.

Refundable credits.

Your refundable credits are applied against your income tax liability with any unused credit refunded to you.

Schedule VI - Credit for an Income Tax Liability Paid to Another State or Country - Full-year Resident Only File Schedule VI with your Montana Form 2.		Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼
1	Enter your income taxable to another state or country that is included in Montana adjusted gross income on Form 2, line 41. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S corporation or partnership. ▶	1	1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. Indicate state's abbreviation. ▼ <input type="text"/>	2	2
3	Enter your total Montana adjusted gross income from Form 2, line 41. Where applicable, this includes your share of income taxes paid that are claimed as a deduction by your S corporation or partnership. ▶	3	3
4	Enter your total income tax liability paid to the other state or country. ▶	4	4
5	Enter your Montana tax liability from Form 2, line 48. ▶	5	5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%. ▶	6	6
7	Multiply line 4 by line 6 and enter the result here. ▶	7	7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%. ▶	8	8
9	Multiply line 5 by line 8 and enter the result here. ▶	9	9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country. ▶	10	10

Schedule VII - Credit for an Income Tax Liability Paid to Another State or Country - Part-year Resident Only File Schedule VII with your Montana Form 2.		Column A (for single, joint, separate, or head of household) ▼	Column B (for spouse when filing separately using filing status 3a) ▼
1	Enter your income taxable to another state or country that is included in Montana source income on Form 2, Schedule IV, line 16, total Montana source income. Where applicable, this includes your share of income taxes paid that were claimed as a deduction by your S corporation or partnership. ▶	1	1
2	Enter your total income from the other state or country you used in calculating your income tax paid to that state or country. Include in this total all income exempt from Montana income tax that was subject to tax in the other state or country. Indicate state's abbreviation. ▼ <input type="text"/>	2	2
3	Enter your total Montana source income from Form 2, Schedule IV, line 16. Where applicable, this includes the share of income taxes paid that are claimed as a deduction by your S corporation or partnership. ▶	3	3
4	Enter your total income tax liability paid to the other state or country. ▶	4	4
5	Enter your Montana tax liability from Form 2, line 48a. ▶	5	5
6	Divide line 1 by line 2. Enter the percentage here, but not more than 100%. ▶	6	6
7	Multiply line 4 by line 6 and enter the result here. ▶	7	7
8	Divide line 1 by line 3. Enter the percentage here, but not more than 100%. ▶	8	8
9	Multiply line 5 by line 8 and enter the result here. ▶	9	9
10	Enter here and on Form 2, Schedule V, line 1, the smaller of the amounts reported on lines 4, 7, or 9 above. This is your credit for an income tax paid to another state or country. ▶	10	10

You are not entitled to a Montana tax credit for taxes paid to a foreign country if you claimed these foreign taxes paid as a foreign tax credit on your federal income tax return.

- If you claim this credit for an income tax paid by your S corporation or partnership see the instructions for Form 2, Schedule V, line 1 on page 39.
- Your credit is limited to an income tax liability paid on income that is also taxed by Montana.
- Your income taxes paid include excise taxes or franchise taxes that are imposed on and measured by the net income of your S corporation or partnership.
- This is a nonrefundable credit and cannot reduce your Montana tax liability below zero.
- This is a nonrefundable single year credit. No unused credit amount can be carried forward.
- You will need to complete a separate Schedule VI or VII for each state or country that you have paid an income tax liability to. You cannot combine payments on one schedule.
- If you are a part-year resident, you have to allocate your income using Form 2, Schedule IV before completing Form 2, Schedule VII.

Schedule VIII - Reporting of Special Transactions File Schedule VIII with your Montana Form 2		Check "Yes" if you filed any of the following forms with the Internal Revenue Service.	
Complete Schedule VIII only if you and/or your spouse filed any of the federal income tax forms described below. Check the appropriate box indicating which form(s) you filed with the Internal Revenue Service for this tax year. If your answer is "Yes" to one or more of these forms, you will need to attach a complete copy of your federal income tax return Form 1040.			
1	I filed federal Form 8824 - Like-Kind Exchanges with the Internal Revenue Service. NOTE: Check "Yes" if your like-kind exchange includes Montana property. Nonresidents do not have to report a like-kind exchange if the properties involved do not include Montana property. Form 8824 is used to report each exchange of business or investment property for property of a like kind.	1	Yes ▶
2	I filed federal Form 8865 - Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service. 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).	2	Yes ▶
3	I am required to file federal Form 8886 - Reportable Transaction Disclosure Statement with the Internal Revenue Service. Form 8886 is used to disclose information for each reportable transaction in which you participated.	3	Yes ▶

FINAL
November 3, 2009