

Montana Schedule K-1

(CLT-4S and PR-1)

Partner's/Shareholder's Share of Income (Loss), Deductions, Credits, etc.

For the year January 1 - December 31, 2009, or tax year beginning _____ and ending _____.

Part 1 - Pass-Through Entity Information

A Entity's federal employer identification number (FEIN) _____	Check applicable boxes: <input type="checkbox"/> Form CLT-4S <input type="checkbox"/> Amended K-1 <input type="checkbox"/> Form PR-1 <input type="checkbox"/> Final K-1
B Entity's name and mailing address _____	
C <input type="checkbox"/> Check this box if this is a publicly traded partnership.	

Part 2 - Partner/Shareholder Information

A Partner's/shareholder's identifying number (SSN/FEIN) _____	D Check this box if partner/shareholder is a nonresident: <input type="checkbox"/> If a nonresident, please check this box if a Montana Form PT-AGR, nonresident agreement has been filed for partner/shareholder <input type="checkbox"/>		
B Partner's/shareholder's name and mailing address _____	E Shareholder's percentage of stock ownership _____ %		
C What type of entity is this partner/shareholder? _____	F Partner's:	Beginning	Ending
	Profit	_____ %	_____ %
	Loss	_____ %	_____ %
	Capital	_____ %	_____ %

Part 3 - All Partners/Shareholders—Montana Adjustments

- A Federal Schedule K-1 income (loss) minus deductions** A. _____ Information only; see instructions.
- B Montana additions to income**
- 1. Federally tax-exempt interest B1. _____
 - 2. Taxes based on income or profits B2. _____
 - 3. Other additions. List type _____ and amount B3. _____
- C Montana subtractions from income**
- 1. Interest from U.S. Treasury obligations C1. _____
 - 2. Deduction for purchasing recycled material C2. _____
 - 3. Other subtractions. List type _____ and amount C3. _____
- D Multistate pass-through entities**
- 1. **Apportioned income.** Income apportioned to Montana D1. _____ Information only; see instructions
 - 2. **Allocable income.** Income allocated to Montana. List type _____ and amount... D2. _____ Information only; see instructions
- E Total income taxable to partner/shareholder** E. _____ Information only; see instructions

Part 4 - Nonresident Individual, Estate or Trust Beneficiary Only—Montana Source Income (Loss)

- 1. Montana apportionment percentage 1. _____ % Information only; see instructions
- 2. Ordinary business income (loss) 2. _____
- 3. Net rental real estate income (loss) 3. _____
- 4. Other net rental income (loss) 4. _____
- 5. Guaranteed payments 5. _____
- 6. Interest income 6. _____
- 7. Ordinary dividends 7. _____
- 8. Royalties 8. _____
- 9. Net short-term capital gain (loss) 9. _____
- 10. Net long-term capital gain (loss) 10. _____
- 11. Net section 1231 gain (loss) 11. _____
- 12. Other income (loss). List type _____ and amount 12. _____
- 13. Montana composite income tax paid on behalf of partner/shareholder 13. _____
- 14. Montana income tax withheld on behalf of partner/shareholder 14. _____

Part 5 - Supplemental Information

- 1. Premiums for Insure Montana Small Business Health Insurance credit expenses 1. _____
- 2. Film Production Credit expenses 2. _____
- 3. Mineral royalties tax withholding 3. _____
- 4. Other information. List type _____ and amount 4. _____

Part 6 - Montana Tax Credits and Recapture (If Applicable)

- 1. Insure Montana Small Business Health Insurance credit. Business FEIN _____ 1. _____
- 2. Health insurance for uninsured Montanans credit (Form HI) 2. _____
- 3. Contractor's gross receipts tax credit 3. _____
- 4. Other credit/recapture information. List type _____ and amount... 4. _____

Partner's/Shareholder's Instructions for Montana Schedule K-1 (Forms CLT-4S and PR-1)

General Instructions

The Montana Schedule K-1 is similar to the federal Schedule K-1 in that it is used to report the pass-through entity owners' share of income, deductions, credits and other items. However, the format of the Montana Schedule K-1 differs from that of the federal Schedule K-1—therefore the federal Schedule K-1 cannot serve as a substitute for the Montana Schedule K-1.

Purpose of Montana Schedule K-1

Montana Schedule K-1 is provided to you by the S corporation or partnership to show your share of the income, gains, losses, deductions, and other items from the entity that you need to complete your Montana income tax return. These instructions will assist you in transferring the amounts from the schedule to your Montana income tax return.

Partnership or corporation partner/shareholder. If you are a corporation, partnership, or a limited liability company treated like a corporation or partnership, you have received the Montana Schedule K-1 only to show your share of the entity's Montana statutory adjustments or tax credits that may affect the preparation of your Montana income tax return.

Resident individual, estate, or trust partner/shareholder. If you are a Montana resident individual, estate, or trust, you need to report to Montana your entire share of the entity's income, gains, losses, and deductions that are included in your federal taxable income. You have received the Montana Schedule K-1 only to show your share of the entity's Montana statutory adjustments or tax credits that may affect the preparation of your Montana income tax return.

If you have no Montana statutory adjustments, tax credits or withholding, the S corporation or partnership did not need to prepare the Montana Schedule K-1 for you. The federal Schedule K-1 reports the information you need to complete your Montana income tax return.

Nonresident individual, estate, or trust partner/shareholder. If you are a nonresident individual, estate, or trust, you need to report to Montana your share of the entity's income, gains, losses, and deductions that are apportioned and allocated to Montana based on the entity's activity in Montana. These items are shown in Part 4 of the Montana Schedule K-1. Unless you are a nonresident individual who elected to include your share of these items in a composite return filed on your behalf by the entity, you need to file a Montana income tax return to report and pay the required income tax on these items.

Composite return election. If you are a nonresident individual who elected to include your share of the entity's Montana income, gains, losses, and deductions in a composite return filed by the entity, you are not required to

file a Montana individual income tax return. If this applies to you, you received the Montana Schedule K-1 to show your share of these items and the composite tax paid on them.

Amended Schedule K-1 (Forms CLT-4S and PR-1). If you received an amended Montana Schedule K-1 from the entity, and you previously filed a Montana income tax return, you need to file an amended Montana income tax return to report the changes in income, gains, losses, and deductions. You also need to attach a copy of the amended Montana Schedule K-1 to your amended Montana income tax return.

Montana Schedule K-1, Parts 3-6

Part 3 – All Partners/Shareholders – Montana Adjustments.

A. Federal Schedule K-1 income (loss) minus deductions. This is your share of the partnership/S corporation's federal income or (loss) from the entity. This is the amount on lines 1-15, page 1, Form PR-1 or lines 1-14, page 1, Form CLT-4S, multiplied by your share of profit or loss. This is for your information only.

B-C. Montana Additions or Subtractions

To compute Montana income taxable to pass-through entity owners, certain items have to be added to income or subtracted from income. A detailed schedule is required to be attached. We have shown a partial list. Transfer the amount(s) shown to the individual income or corporate license tax return.

D. Multistate Pass-Through Entities

If the pass-through entity files a multistate tax return, the income taxable to the partner/shareholder has been apportioned or allocated to Montana. *The following is for your information only.*

- 1. Apportioned income.** If applicable, the amount shown on this line is the amount of income apportioned to Montana.
- 2. Allocable income.** If applicable, the amount shown on this line is the amount of income allocated to Montana only to the extent that it constitutes nonbusiness income.

E. Total income taxable to partner/shareholder. The total on this line should be the same as the partner's/shareholder's Montana income reported on Schedule III of the entity's return. This is for your information only.

Part 4 – Nonresident Partner/Shareholder Only— Montana Source Income (Loss)

If you are a nonresident individual, estate, trust, corporation or pass-through entity, your share of the entity's Montana income, gains, losses and other additions to income that you need to report on your Montana income tax return are shown. Transfer these amounts to your Montana income tax return based on the type of return you are filing.

1. Montana apportionment percentage. If you sell an interest in a publicly traded partnership, multiply this

apportionment percentage by the gain described in section 751 of the Internal Revenue Code in order to determine your Montana source income.

13. Montana composite income tax paid on behalf of partner/shareholder. If applicable, the amount shown on this line is the amount of Montana composite income tax paid on your behalf by the entity. If you made this election, you are not required to file your own Montana individual income tax return. This is for your information only.

14. Montana income tax withheld on behalf of partner/shareholder. The entity was required to withhold Montana income tax for those nonresident partners who did not file a consent agreement or statement (Form PT-AGR) and did not elect to have the entity pay composite income tax. Transfer the amount from this line to the applicable corporate license tax or individual income tax return.

Part 5 – Supplemental Information

Supplemental information which could result in adjustments to the individual income or corporation license tax return is listed. Include the amount from this schedule on the individual income or corporation license tax return.

1. Premiums for Insure Montana Small Business Health Insurance credit. If the entity received a tax credit from the Insure Montana Small Business Health Insurance program, the amount entered is the portion of the premiums paid for these policies which is not allowed as a deduction.

2. Film Production Credit compensation and expenditures. If the entity received a tax credit for a certified film production, the amount entered is the portion

of compensation and expenditures used to compute the film production credit which is required to be included in taxable income in the year that the compensation and expenditures were incurred.

3. Mineral royalties tax withheld. If the mineral rights are held by a partnership or S corporation for which you have an ownership interest, the royalty payments made to the owners are subject to state income tax withholding.

Part 6 – Montana Tax Credits and Recapture (If Applicable)

Any credit allowed to a partnership or S corporation has to be attributable to its partners/shareholders using the same proportion that is used to report that entity's income or loss for Montana income tax purposes. The tax credits cannot be taken as a credit against composite tax. We have listed the three most common tax credits along with space to provide information about any other tax credit or recapture amount. Include the amount from this schedule on the applicable credit form and report on the individual income or corporation license tax return.

Some tax credits have provisions requiring a recapture of the tax benefit you received in an earlier tax year (if you do not meet certain requirements in subsequent tax years). If you are required to report a recapture, include the amount from this schedule on the individual income or corporation license tax return.

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