



MONTANA
CGR GUIDE
Rev. 01-10

Montana Business Tax Guide



Public Contractor's 1% Gross Receipts Tax

CONTENTS

HELPFUL HINTS.....	ii
GENERAL INFORMATION.....	1
PERSONAL PROPERTY TAX REFUND.....	2
INDIVIDUAL INCOME TAX CREDIT.....	3
CORPORATE LICENSE TAX CREDIT.....	3
S CORPORATION; PARTNERSHIP TAX CREDIT.....	3
FORM CGR-1 INSTRUCTIONS.....	4
CGR-1 Instructions - Contract Registration between a Government Entity and a Prime Contractor.....	4
CGR-1 Instructions - Contract Registration between a Prime Contractor and a Subcontractor.....	5
FORM CGR-2 INSTRUCTIONS.....	5
CGR-2 Instructions - Between a Government Entity and a Prime Contractor.....	6
CGR-2 Instructions - Between a Prime Contractor and a Subcontractor.....	7
FORM CGR-3 INSTRUCTIONS.....	7

Tax Questions and Assistance

Customer Service(866) 859-2254 (toll free)

(406) 444-6900 (Helena area)

For the Hearing Impaired.....(406) 444-2830

Fax.....(406) 444-7997

Website.....*revenue.mt.gov*

Mailing AddressMontana Department of Revenue
PO Box 5805
Helena, MT 59604-5805

HELPFUL HINTS

Please keep these important tips in mind to successfully file your Contract Registration (Form CGR-1), Withholding Payment (Form CGR-2) and Application for Refund (Form CGR-3).

Report your government-issued purchase order number on Forms CGR-1, CGR-2 and CGR-3

- We track each separate contract by a unique government issued purchase order number. This number may be a series of numbers, numbers and letters combined, or a short phrase, such as a description of the job. This purchase order number is provided to you from the government entity. It is important that this number is correctly reported to us on all CGR-1, CGR-2, and CGR-3 forms, and that the government entity, prime contractor and subcontractors are all using this same purchase order number.

Ensure the contract award date is the same on Forms CGR-1 and CGR-2

- When completing Forms CGR-1 and CGR-2, the government entity, prime contractor and subcontractor all need to use the same contract award date. This award date is the date originally reported on Form CGR-1 that was filed registering the contract between the government entity and the prime contractor.
- Do not use a contract award date between a prime contractor and a subcontractor.

Timely file your Form CGR-1 to register a contract between a prime contractor and a subcontractor. This will help prevent delays in processing Forms CGR-2 and CGR-3 that are filed by your subcontractor.

Timely file your Form CGR-2 to allocate and authorize the transfer of your 1% contractor's gross receipts tax to your subcontractor. This will help to prevent delays in processing a property tax refund or tax credit for your subcontractor.

When filing your Form CGR-3, application for refund, remember that the refund applies only to personal property taxes and certain motor vehicle fees paid on property used in your construction business and that is located in Montana. You cannot claim a refund for real property taxes paid by your construction business.

- You are not entitled to a refund of your 1% contractor's gross receipts tax if you did not pay any personal property taxes in Montana or did not register your motor vehicle in Montana while working here. However, you can apply this fee as a credit against the corporate license taxes or individual income taxes that you owe.

GENERAL INFORMATION**What is Montana's public contractor's 1% gross receipts tax?**

When a publicly funded contract is greater than \$5,000, the contractor or subcontractor is required to pay or have withheld from their earnings a license fee equal to 1% of the gross contract price of the project.

This 1% tax applies to payments made on federal, state, county, city or other government entity projects located in Montana. It does not apply to a contract to construct a federal research facility.

This tax is remitted to the Department of Revenue. It can be applied against your personal property taxes and certain fees paid on your business equipment for a refund, or applied as a credit against the corporate license taxes or individual income taxes that you owe.

Who is subject to the Montana public contractor's 1% gross receipts tax?

The tax applies to a contractor or subcontractor working on a publicly funded project located in Montana where the contract cost, value or price is more than \$5,000, and the owner of the project is a public entity. A contract of \$5,000 or less is not subject to the contractor's 1% license fee.

A publicly funded project includes any work that requires the contractor to install, add, place, replace or remove any equipment, parts, structures or materials of any kind.

What is the contract cost, value or price that determines if the contract is over or under \$5,000?

The contract cost, value or price is the gross amount earned from all sources of the contract. It includes money, credits or other valuable consideration received from the awarding government entity.

Who is required to pay and remit the 1% contractor's gross receipts tax?

The awarding public entity will withhold and remit to us the 1% contractor's gross receipts tax on your behalf.

If this tax is not withheld by the public entity, or the contract is with the federal government, the prime contractor is required to pay the 1% contractor's gross receipts tax within 30 days after receiving payment for the work performed.

What steps are required to report and remit this tax to the Department of Revenue?

Within 10 days after you have been awarded a public contract, you are required to file with us a Contract Award Registration (Form CGR-1) registering your contract. This registration may be completed and filed by either the awarding government entity or by the prime contractor. Whichever method is used to file Form CGR-1, the form needs to be completed properly and filed on time.

Detailed instructions for completing Form CGR-1 can be found on page 4 of this instruction booklet.

As a prime contractor, you are required to complete the Gross Receipts Withholding Return (Form CGR-2) and pay the 1% contractor's gross receipts tax 30 days after you receive payment for the project. In most cases, this fee is withheld by the awarding public entity and the government entity completes Form CGR-2 and remits the tax. If the awarding government entity does not withhold and remit this tax, the prime contractor is responsible for completing Form CGR-2 and remitting the tax.

If you have a federal government contract, the federal government will not complete Form CGR-2, or withhold the 1% contractor's gross receipts tax from payments made to a prime contractor. In this case, the prime contractor is responsible for completing and filing Form CGR-2 and remitting this tax within 30 days after receiving payment from the federal government.

If the project requires a prime contractor to hire a subcontractor, the prime contractor is required to complete Form CGR-2 and withhold the 1% contractor's gross receipts tax from the payments made to the subcontractor. The prime contractor may also transfer previous payments made to the prime contractors account instead of remitting payments for the subcontractor. When this occurs, check the subcontractor allocation box on Form CGR-2, line 9 allocating the 1% contractor's gross receipts tax to the subcontractor.

Detailed instructions for completing Form CGR-2 can be found on page 5 of this instruction booklet.

Where do I file my Contract Award Registration, Form CGR-1 and my Gross Receipts Withholding Return, Form CGR-2?

Mail your completed Contract Award Registration, Form CGR-1 and your Gross Receipts Withholding Return, Form CGR-2 to: Montana Department of Revenue, PO Box 5805, Helena, MT 59604-5805.

What happens if I'm late filing my Gross Receipts Withholding Return, Form CGR-2?

If you file Form CGR-2 late, you will be assessed a late file penalty of \$50 or the amount of tax due, whichever is less.

What happens if my 1% contractor's gross receipts tax is paid late?

If you do not pay the full amount of your 1% contractor's gross receipts tax within 30 days after receiving payment for the project, you will be charged a late payment penalty. The penalty is 1.2% per month or fraction of a calendar month on the unpaid fee. The penalty cannot exceed 12% of the fee due.

If you do not pay your 1% contractor's gross receipts tax within 30 days after receiving payment for your project, you will also be charged interest at the rate of 12% per year accrued daily.

As a prime contractor, what happens if I do not notify the Department of Revenue to allocate and transfer the 1% contractor's gross receipts tax from my account to the subcontractor's account upon my payment to the subcontractor?

As a prime contractor, you are required to withhold the 1% contractor's gross receipts tax from payments made to your subcontractors and request the department to allocate and transfer the 1% contractor's gross receipts from your account to the subcontractor's account. File this notification with us within 30 days after each payment made to your subcontractor.

If you do not report this payment and request us to allocate and transfer the tax within 30 days after paying your subcontractor, you will be charged a penalty. The penalty is 10% of the 1% contractor's gross receipts that was withheld from payment to the subcontractor.

As a contractor or subcontractor, can I apply my 1% contractor's gross receipts tax withheld and paid to the Department of Revenue as a credit on my income tax return, or can I request a refund of this tax for personal property taxes I paid during the year?

Your 1% contractor's gross receipts tax that has been previously remitted to us can be used two different ways. You can use either of the two methods or a combination of both. These two methods are:

1. Request a refund of your tax from the Department of Revenue.

You can apply your 1% contractor's gross receipts tax against the personal property taxes and fees you paid on your business property and equipment during the calendar year. This refund applies only to business property owned by your construction business and not against business property you may own under another business.

2. Apply your 1% contractor's gross receipts tax as a credit against your personal or corporate tax liability.

After applying for a refund of personal property taxes and fees that your business has paid, the remaining balance can be used as a credit against your personal income tax or corporate license tax liability. For more information on how to apply for the 1% contractor's gross receipts tax credit, refer to the instructions in the Montana Individual Income Tax Form 2 Instruction Booklet, the Corporate License Tax Form CLT-4 Instruction Booklet, S corporation Form CLT-4S Instruction Booklet or the Partnership Form PR-1 Instruction Booklet. These instruction booklets can be downloaded from our website at revenue.mt.gov.

I have applied for my personal property tax refund and have offset my income tax liability with my 1% contractor's gross receipts tax and still have a balance in my account. What can I do with the balance?

The amount of the tax that you can apply against your individual income or corporate license tax liability cannot

be more than the liability itself. However, any excess credit that remains, after receiving a refund for personal property taxes paid and offsetting your individual income or corporate license tax liability can be used as a carry-forward for five succeeding years and applied against future individual income tax or corporate license tax liabilities.

This carryover amount can be applied only to your individual income or corporate license tax liability and cannot be carried forward and used to receive a refund of personal property taxes or fees paid in future years.

PERSONAL PROPERTY TAX REFUND

I have paid personal property taxes and motor vehicle fees to the State of Montana on equipment used in my business. Can I receive a refund of these taxes and fees paid on my business equipment?

Yes. A contractor can apply for a refund of personal property taxes paid on any personal property or fees paid on motor vehicles which are located in Montana and used in the contractor's business. The amount of the refund is dollar-for-dollar on any personal property tax and motor vehicle fees paid in the calendar year in which the 1% contractor's license fee was withheld and paid. Personal property taxes and motor vehicle fees paid in one calendar year cannot be used to apply for a refund of your 1% contractor's license fee withheld and paid in another calendar year.

How do I apply for the personal property tax refund?

Prime contractors or subcontractors may apply for a refund of personal property taxes or motor vehicle fees they incurred within a calendar year by completing the Application for Refund of Personal Property Taxes Paid (Form CGR-3). This refund applies only to personal property taxes and motor vehicle fees incurred on equipment used in the contractor's business. Property taxes and motor vehicle fees incurred on equipment not used in your business or real property taxes paid cannot be used when claiming this refund.

When submitting Form CGR-3 to the Department of Revenue, you are required to attach to your application a copy of all paid personal property tax receipts and vehicle registration receipts. If these receipts includes both real and personal property taxes paid, you are required to obtain a statement from your county treasurer which identifies the amount of tax paid on each type of property.

In addition, to enable us to issue your personal property tax refund, you are required to submit with your Form CGR-3 a signed statement attesting that the motor vehicle(s) used in calculating this refund is used 100% in your construction business.

If you are applying for a refund for a previous calendar year and incurred personal property taxes and motor fees in that year but did not pay them in the same year, you are still eligible for a refund. In order to be eligible for a refund for a prior year, the personal property tax and motor vehicle

fees need only to be incurred during the calendar year in which the withholding and payment of the 1% tax occurred. However, before a refund can be issued, you are required to pay these taxes and fees and provide the necessary documentation of this payment.

When applying for a refund of Montana motor vehicle taxes and fees paid on my business equipment, what taxes and fees listed on my motor vehicle registration form apply?

Only those taxes that are considered an ad valorem or personal property tax can be used in calculating your refund. In addition, you can include fees paid in lieu of tax on buses, trucks with a gross vehicle weight over 1 ton, truck tractors, and the registration fee paid on light vehicles. Other fees, such as gross vehicle weight charges, salvage title fees, temporary registration permits and specialty plate fees cannot be used in calculating your personal property tax refund.

The following is a list of fee codes used by the Montana Department of Justice, Motor Vehicle Division for 2004 through 2009.

Merlin System		
For Year 2009 (The Merlin System no longer uses Fee Codes, but instead uses a description of the motor vehicle taxes and fees paid)		
Description		
County Option Tax		
Truck Flat Fee in Lieu of Tax		
Light Vehicle Registration Fee		
Permanent Light Vehicle Registration Fee		
For Years 2006, 2007 and 2008		
Fee Code	Description	
14	COOP	County Option Tax
59	TKFLAT	Truck Flat Fee in Lieu of Tax
61	LVREG	Light Vehicle Registration Fee
62	PERMLV	Permanent Light Vehicle
For Years 2004 and 2005		
Fee Code	Description	
02	DOTRAT	Dept of Trans. Registration Fee
07	AVTAX	Ad Valorem Tax
08	BKAVTX	Back Ad Valorem Tax
14	COOP	County Option Tax
15	BKCOPT	Back County Option Tax
59	TKFLAT	Truck Flat Fee in Lieu of Tax
61	LVREG	Light Vehicle Registration Fee
62	PERMLV	Permanent Light Vehicle

Where do I file my application for refund of personal property taxes?

Mail your completed Form CGR-3 and supporting documentations to: Montana Department of Revenue, PO Box 5805, Helena, MT 59604-5805.

I have completed my application for a personal property tax refund and have applied my 1% contractors' gross receipts tax previously paid to this refund. I still have a credit balance in my account; can I use the credit elsewhere?

Yes. The additional 1% contractor's gross receipts tax that was withheld and paid to the Department of Revenue can be used as a credit on your corporate license tax return (Form CLT-4) and individual income tax return (Form 2).

INDIVIDUAL INCOME TAX CREDIT

My business is a sole proprietorship and I file a Montana individual income tax return Form 2. I have completed my Montana individual income tax return and now I owe tax. Can I apply the amount of my 1% contractor's gross receipts tax previously paid as a credit against my individual income tax liability?

Yes. The 1% contractor's gross receipts tax that has been remitted to the state and withheld from a contractor can be used as a credit against your Montana individual income tax liability. This credit is allowed for the tax year that the net income from the contract subject to the 1% tax is earned and reported on your individual income tax return. If you report your income from the contract on a percentage of completion method, the contractor's 1% license tax is required to be allocated accordingly.

CORPORATE LICENSE TAX CREDIT

My business is incorporated and I file a Montana C corporation license tax return Form CLT-4. I have completed my Montana corporate license tax return and now I owe tax. Can I apply the amount of my 1% contractor's gross receipts tax previously paid as a credit against my corporate license tax liability?

Yes. The 1% contractor's gross receipts tax that has been remitted to the state and withheld from a contractor can be used as a credit against your Montana corporation license tax liability. This credit is allowed for the tax year that the net income from the contract subject to the 1% tax is earned and reported on your corporate license tax return. If you report your income from the contract on a percentage of completion method, the contractor's 1% license tax is required to be allocated accordingly.

S CORPORATION; PARTNERSHIP TAX CREDIT

My business is an S corporation which files a Montana S corporation information return Form CLT-4S. I have completed my Montana S corporation information return and have ordinary income passing through to my shareholders. Can the 1% contractor's gross receipts tax paid on behalf of the S corporation be

used by its shareholders as a credit against their Montana tax liability?

Yes. The 1% contractor's gross receipt tax which has been remitted to the state and withheld from an S corporation contractor can be passed through to the shareholders and used as a credit against the shareholder's Montana income tax liability. The amount of credit that passes through to each separate shareholder is determined based on their percentage of ownership in the S corporation. This credit is allowed for the tax year that the net income from the contract subject to the 1% contractor's gross receipts tax, is earned and reported on the shareholders income tax return. If the S corporation reports its income from the contract on a percentage of completion method, the contractor's gross receipts tax credit is required to be allocated accordingly.

My business is a partnership which files a Montana Partnership information return Form PR-1. I have completed my Montana partnership information return and have ordinary income passing through to my partners. Can the 1% contractor's gross receipts tax paid on behalf of the partnership be used by its partners as a credit against their Montana tax liability?

Yes. The 1% contractor's gross receipt tax which has been remitted to the state and withheld from a partnership can be passed through to the partners and used as a credit against the partner's Montana income tax liability. The amount of credit that passes through to each separate partner is determined based on their distributive share of income from the partnership. This credit is allowed for the taxable year that the net income from the contract subject to the 1% contractor's gross receipts tax, is earned and reported on the partners' income tax return. If the partnership reports its income from the contract on a percentage of completion method, the contractor's gross receipts tax credit is required to be allocated accordingly.

FORM CGR-1 INSTRUCTIONS

Use Form CGR-1 to register a public contract between a government entity and a prime contractor or between a prime contractor and a subcontractor.

An awarding government entity or prime contractor is required to complete Form CGR-1 and mail it to the Montana Department of Revenue within ten days after the contract or bid has officially been awarded.

Instructions for Form CGR-1 are separated into two categories. These two categories are:

1. Contract Registration between a Government Entity and a Prime Contractor.

Refer to these instructions when you are a government entity registering a contract with a prime contractor, or you are a prime contractor registering a contract in which the awarding government entity is the federal government.

2. Contract Registration between a Prime Contractor and a Subcontractor.

Refer to these instructions when you are a prime contractor registering a contract with a subcontractor, or you are a subcontractor registering a contract with another subcontractor.

CGR-1 Instructions - Contract Registration between a Government Entity and a Prime Contractor

Line 1 – Contract Awarded by. Place an "X" in the box next to the words "Government Entity" and enter the awarding government entity's federal employer identification number, name and address in the space provided.

Line 2 – Contract Awarded to. Place an "X" in the box next to the words "Prime Contractor" and enter the prime contractor's federal employer identification number, name and address in the space provided.

Line 3 – Government Issued Purchase Order Number. Enter the government issued purchase order number that is assigned to the specific job that is being registered. It is important that the correct purchase order number is used and that this unique number be used when filing Forms CGR-2 and CGR-3.

This unique number, along with the contract award date reported on line 4 is what we use to manage your contract and the application of the 1% contractor's gross receipts. It is important that this number is used each time by the awarding government entity, the prime contractor, and all subcontractors when a contractor award registration, Form CGR-1, or gross receipts withholding return, Form CGR-2 is completed and filed with the Department of Revenue.

Line 4 – Contract Award Date. Enter the date the contract was awarded from the government entity. Do not enter the date the construction began or the date of the first payment on the contract.

This contract award date, along with the government issued purchase order number reported on line 3 is what we use to manage your contract and the application of the 1% contractor's gross receipts. It is important that the contract award date reported on Form CGR-1 originally filed with the Department of Revenue is used whenever a subsequent CGR-1 or CGR-2 is filed by the awarding government entity, the prime contractor and all subcontractors with regard to the specific contract.

Line 5 – Construction Completion Date. Enter the projected completion date of the project.

Line 6 – Contract Amount. Enter the gross amount awarded to the contractor for the specific contract that is being registered.

Line 7 – Description of Work to be Performed Under this Contract. Enter a detailed description of the work to be performed. For example: Reconstruction Highway 2 from the eastern edge to the western edge in the City of Havre. Construct the School of Journalism building on the

campus of the University of Montana, Missoula, MT. Award a subcontract to ABC Plumbing and Heating to provide all plumbing and heating work at the School of Journalism building on the campus of the University of Montana.

Line 8 – Provide the Specific Location of Where the Work Will be Performed Under this Contract. Enter the exact location of the work to be performed. For example: Repair and chip seal 50 miles of Highway 87 from highway mile marker 1 beginning at the northern edge of the City of Great Falls through highway mile marker 50. Construct the School of Journalism building on the campus of the University of Montana in Missoula, MT.

Registration Submitted by. Check the box that corresponds with the type of entity that is completing Form CGR-1.

CGR-1 Instructions - Contract Registration between a Prime Contractor and a Subcontractor

Line 1 – Contract Awarded by. Place an “X” in the box next to the words “Prime Contractor” and enter the prime contractor’s federal employer identification number, name and address in the space provided.

If you are a subcontractor who has entered into a contract with another subcontractor, you are considered the prime contractor when completing Form CGR-1. Place an “X” in the box next to the words “Prime Contractor” and enter your federal employer identification number, name and address in the space provided.

Line 2 – Contract Awarded to. Place an “X” in the box next to the word “Subcontractor” and enter the subcontractor’s federal employer identification number, name and address in the space provided.

Line 3 – Government Issued Purchase Order Number. Enter the government issued purchase order number that is assigned to the specific job that is being registered. It is important that the correct purchase order number is used and that this unique number be used when filing your contractor’s gross receipts withholding, Form CGR-2 and your application for refund of personal property taxes paid, Form CGR-3.

This unique number, along with the contract award date reported on line 4 is what we use to manage your contract and the application of the 1% contractor’s gross receipts. It is important that this number is used each time by the awarding government entity, the prime contractor and all subcontractors when a contractor award registration Form CGR-1 or gross receipts withholding return Form CGR-2 is completed and filed with the Department of Revenue.

Line 4 – Contract Award Date. Enter the date the contract was awarded from the government entity. Do not enter the date the construction began or the date of the first payment on the contract.

This contract award date, along with the government issued purchase order number reported on line 3 is what we use to manager your contract and the application of the 1%

contractor’s gross receipts. It is important that the contract award date reported on Form CGR-1 originally filed with the Department of Revenue is used whenever a subsequent CGR-1 or CGR-2 is filed by the awarding government entity, the prime contractor and all subcontractors with regard to the specific contract.

Line 5 – Construction Completion Date. Enter the projected completion date of the project.

Line 6 – Contract Amount. Enter the gross amount of the contract between the prime contractor and the subcontractor. This is not the full amount of the contract between the public entity and the prime contractor.

Line 7 – Description of Work to be Performed Under this Contract. Enter a detailed description of the work to be performed. For example: Reconstruction Highway 2 from the eastern edge to the western edge in the City of Havre. Construct the School of Journalism building on the campus of the University of Montana, Missoula, MT. Award a subcontract to ABC Plumbing and Heating to provide all plumbing and heating work at the School of Journalism building on the campus of the University of Montana.

Line 8 – Provide the Specific Location of Where the Work Will be Performed Under this Contract. Enter the exact location of the work to be performed. For example: Repair and chip seal 50 miles of Highway 87 from highway mile marker 1 beginning at the northern edge of the City of Great Falls through highway mile marker 50. Construct the School of Journalism building on the campus of the University of Montana in Missoula, MT.

Registration Submitted by. Check the box that corresponds with the type of entity that is completing Form CGR-1.

FORM CGR-2 INSTRUCTIONS

Use Form CGR-2 to remit the 1% contractor’s gross receipts tax or to allocate and authorize the transfer of the 1% contractor’s gross receipts tax from a prime contractor to a subcontractor.

Generally the awarding government entity will withhold the 1% contractor’s gross receipts tax and complete Form CGR-2 and remit payment to the Department of Revenue. However, if you have a federal government contract, the federal government will not withhold the 1% contractor’s gross receipt tax; therefore, the prime contractor will be required to complete form CGR-2 and remit the tax upon receiving payment from the federal government.

Instructions for Form CGR-2 are separated into two categories. These two categories are:

1. Completing Form CGR-2 between a Government Entity and a Prime Contractor.

Refer to these instructions when you are a government entity remitting the 1% contractor’s gross receipt fee on behalf of a prime contractor, or you are a prime contractor remitting your 1% contractor’s gross

receipt fee after receiving payment from the federal government.

2. **Completing Form CGR-2 between a Prime Contractor and a Subcontractor.**

Refer to these instructions when you are a prime contractor allocating and authorizing us to transfer the 1% contractor's gross receipts fee from your account to your subcontractor, or you are a subcontractor allocating and authorizing us to transfer the 1% contractor's gross receipts fee from your account to another subcontractor who you have a contract with.

CGR-2 Instructions - Between a Government Entity and a Prime Contractor

Line 1 – Contract Awarded by. If Form CGR-2 is completed by a government entity that is remitting the 1% contractor's gross receipts tax, place an "X" in the box next to the words "Government Entity" and enter your government entity's federal employer identification number, name and address in the space provided.

If Form CGR-2 is completed by a prime contractor and the prime contractor is remitting the 1% contractor's gross receipts tax because the awarding government entity, such as the federal government, does not withhold the 1% contractor's gross receipts tax upon payment to the prime contractor, place an "X" in the box next to the words "Government Entity" and enter the government entity's federal employer identification number, name and their address in the space provided.

Line 2 – Contract Awarded to. If Form CGR-2 is completed by a government entity that is remitting the 1% contractor's gross receipts tax, place an "X" in the box next to the words "Prime Contractor" and enter the prime contractor's federal employer identification number, name and address in the spaces provided.

If Form CGR-2 is completed by a prime contractor and the prime contractor is remitting the 1% contractor's gross receipts tax because the awarding government entity, such as the federal government, does not withhold the 1% contractor's gross receipts tax upon payment to the prime contractor, place an "X" in the box next to the words "Prime Contractor" and enter the prime contractor's federal employer identification number, name and address in the space provided.

Line 3 – Government Issued Purchase Order Number. Enter the government issued purchase order number that is assigned to the specific job that was originally reported on the contract award registration Form CGR-1.

It is important that the correct purchase order number is reported on this line and that this unique number is the number that was used when Form CGR-1 was filed registering the contract with the department.

Line 4 – Contract Award Date. Enter the date the contract was awarded from the government entity. Do not enter the

date the construction began or the date of the first payment on the contract.

It is important that the contract award date reported on line 4 is the same date that was reported on Form CGR-1 registering the contract with the department.

Line 5 – Month and Year Payment was Earned. Enter the month and the year in which the incremental payment was earned. For example, if you received payment on August 31, 2009 for work performed January, 2009 through July 31, 2009, enter "July, 2009."

Line 6 – Gross Amount Due Prime Contractor or Subcontractor. Enter the gross amount payable to the prime contractor.

The gross amount is the amount of income the prime contractor is entitled for work performed, whether it is in the form of money, credits or other consideration received.

Line 7 – Amount of Your 1% Contractors Gross Receipt Fee. Multiply line 6 by .01 (1%) and enter the amount. This is your contractor's gross receipt license fee.

If Form CGR-2 is completed and filed by the awarding government entity, or completed and filed by the prime contractor because the contract is with the federal government, the amount reported on this line is to be remitted with Form CGR-2.

Line 8 – Net Amount Paid to the Prime Contractor. Enter the actual amount paid to the prime contractor. Generally, this is the gross amount reported on line 7 minus the 1% gross receipts fee reported on line 8. If the actual amount received includes other reductions other than the 1% gross receipts fee, such as retainage, income taxes, etc., include these reductions in calculating the amount to report on line 8.

Line 9 – Check the Box that Corresponds to Your Filing Requirement. If Form CGR-2 is completed and remitted by the awarding government entity or a prime contractor who receives a payment in which the 1% gross receipts fee was not withheld by the payer, check box 9(a) and include your 1% contractor's fee when filing Form CGR-2.

If Form CGR-2 is completed and remitted by a prime contractor who is allocating and transferring the 1% contractor's gross fee from their account to a subcontractor's account, check box 9(b) and enter the date the payment was made to the subcontractor.

Line 10 – Description of Work to be Performed Under this Contract. Enter a detailed description of the work to be performed. For example: Reconstruction Highway 2 from the eastern edge to the western edge in the City of Havre. Construct the School of Journalism building on the campus of the University of Montana, Missoula, MT. Award a subcontract to ABC Plumbing and Heating to provide all plumbing and heating work at the School of Journalism building on the campus of the University of Montana.

Line 11 – Provide the Specific Location of Where the Work Will be Performed Under this Contract. Enter the exact location of the work to be performed. For example:

Repair and chip seal 50 miles of Highway 87 from highway mile marker 1 beginning at the northern edge of the City of Great Falls through highway mile marker 50. Construct the School of Journalism building on the campus of the University of Montana in Missoula, MT.

Return Submitted by. Check the box that corresponds with the type of entity that is completing Form CGR-1.

CGR-2 Instructions - Between a Prime Contractor and a Subcontractor

Line 1 – Contract Awarded by. Place an “X” in the box next to the words “Prime Contractor” and enter the prime contractor’s federal employer identification number, name and address in the space provided.

If you are a subcontractor who has entered into a contract with another subcontractor, you are considered the prime contractor when completing Form CGR-2. Place an “X” in the box next to the words “Prime Contractor” and enter your federal employer identification number, name and address in the space provided.

Line 2 – Contract Awarded to. When Form CGR-2 is completed by a prime contractor who is allocating a portion of the 1% contractor’s gross receipt tax paid on their behalf to a subcontractor, place an “X” in the box next to the word “Subcontractor” and enter the subcontractor’s federal employer identification number, name and address in the space provided.

Line 3 – Government Issued Purchase Order Number. Enter the government issued purchase order number that is assigned to the specific job that was originally reported on the contract award registration, Form CGR-1.

It is important that the correct purchase order number is reported on line 3 and that this unique number is the number that was used when Form CGR-1 was filed registering the contract with the department.

Line 4 – Contract Award Date. Enter the date the contract was awarded from the government entity. Do not enter the contract date between the prime contractor and the subcontractor, the date construction began or the date of the first payment.

It is important that the contract award date reported on line 4 is the same date that was reported on Form CGR-1 registering the contract with the department.

Line 5 – Month and Year Payment was Earned. Enter the month and the year in which the incremental payment was earned. For example, if you received payment on August 31, 2009 for work performed January, 2009 through July 31, 2009, enter “July, 2009.”

Line 6 – Gross Amount Due Prime Contractor or Subcontractor. Enter the gross amount payable to the subcontractor.

The gross amount is the amount of income the subcontractor is entitled for work performed, whether it is in the form of money, credits or other consideration received.

Line 7 – Amount of Your 1% Contractors Gross Receipt Fee. Multiply line 6 by .01 (1%) and enter the amount on line 7. This is your contractor’s gross receipt license fee.

If Form CGR-2 is completed and filed by the awarding government entity, or completed and filed by the prime contractor because the contract is with the federal government, the amount reported on this line should be remitted with Form CGR-2.

Line 8 – Net Amount Paid to the Subcontractor. Enter the actual amount paid to the subcontractor. Generally, this is the gross amount reported on line 7 minus the 1% gross receipts fee reported on line 8. If the actual amount received includes other reductions other than the 1% gross receipts fee, such as retainage, income taxes, etc., include these reductions in calculating the amount to report on this line.

Line 9 – Check the Box that Corresponds to Your Filing Requirement. If Form CGR-2 is completed and remitted by the awarding government entity or a prime contractor who receives a payment in which the 1% gross receipts fee was not withheld by the payer, check box 9(a) and include your 1% contractor’s fee when filing Form CGR-2.

If Form CGR-2 is completed and remitted by a prime contractor who is allocating and transferring the 1% contractor’s gross fee from their account to a subcontractor’s account, check box 9(b) and enter the date the payment was made to the subcontractor.

Line 10 – Description of Work to be Performed Under this Contract. Enter a detailed description of the work to be performed. For example: Reconstruction Highway 2 from the eastern edge to the western edge in the City of Havre. Construct the School of Journalism building on the campus of the University of Montana, Missoula, MT. Award a subcontract to ABC Plumbing and Heating to provide all plumbing and heating work at the School of Journalism building on the campus of the University of Montana.

Line 11 – Provide the Specific Location of Where the Work Will be Performed Under this Contract. Enter the exact location of the work to be performed. For example: Repair and chip seal 50 miles of Highway 87 from highway mile marker 1 beginning at the northern edge of the City of Great Falls through highway mile marker 50. Construct the School of Journalism building on the campus of the University of Montana in Missoula, MT.

Return Submitted by. Check the box that corresponds with the type of entity that is completing Form CGR-1.

FORM CGR-3 INSTRUCTIONS

Use Form CGR-3 to request a refund of personal property taxes and certain motor vehicles fees paid in Montana on any personal property or vehicle you used in your construction business and which is located in Montana.

You cannot claim a refund for personal property tax paid on personal property or vehicles which are used in another business or for personal use.

Line 1 – Refund Requested By. Enter the name and address of the business who is requesting the refund.

Line 2 – Federal Identification Number (FEIN). Enter the federal identification number of the entity listed on line 1.

Line 3 – Calendar Year for which this Claim for Refund Applies. Enter the calendar year for which you are filing a claim for refund of personal property taxes and certain motor vehicle fees paid by the entity reported on line 1.

Line 4 – List of Government Contract Purchase Order Numbers and the Total Amount of Contractor's Gross Receipts Taxes Withheld. Enter the unique government contract purchase order number(s) assigned to each specific public contract and the amount of the 1% contractor's gross receipts fee that was withheld from each contract. This number is the same number previously reported on line 3 of Forms CGR-1 and CGR-2 when the contract was registered and the 1% contractor's gross receipts fee was remitted or allocated to a subcontractor.

Line 5 – List the Personal Property Taxes and Certain Motor Vehicles Fee incurred in the Calendar Year Covered by this Refund Application. You are entitled to a refund of personal property taxes and certain motor vehicle fees paid on business property used in your business as a contractor.

Personal property taxes and motor vehicle fees that are incurred in a calendar year that can be applied to your refund include:

- Personal property taxes paid on vehicles used in your contractor business.
- Fees paid in lieu of tax on buses, truck tractors and trucks that have a manufacturer's rated capacity of more than one ton.
- The annual registration fee or permanent registration fee on light vehicles.
- Any other personal property taxes paid on business equipment used in the contractor's business. This may include, but is not limited to: computers, electronic equipment, furniture, etc.

These personal property taxes and motor vehicle fees that you have incurred on your business vehicles can be found on your vehicle registration receipt.

Enter a description of the entity's property for which you incurred personal property taxes or fee in the calendar year for which this refund applies. Do not enter personal property taxes or fees paid in another calendar year or property that belongs to another business entity.

Line 6 – Total Refund. Enter the lesser of the 1% contractor's gross receipts fee reported on line 4 or the total personal property taxes and fee reported on line 5. This is your 1% Contractor's Gross Receipts Personal Property Tax Refund.

Remember, if you are requesting a refund for a prior year in which you incurred or were required to pay personal

property taxes or vehicle fees but did not pay them in the same calendar year, you will need to provide us with documentation that these taxes and fees have been paid.

Application for Refund Submitted by: Please sign and date your return before submitting it to us. Also, include your telephone and fax numbers so that we may contact you if we have any questions.

Example: Transactional Flow Chart of the 1% Contractor's Gross Receipts Tax

Step 1:	Form CGR-1 Completed by Montana Department of Administration (MDOA)				
	State of Montana, Department of Administration (MDOA) enters into a contract with Prime Contractor (A) and registers the contract with the Montana Department of Revenue (MDOR) Contractor's Gross Receipts Program.				
Step 2:	Form CGR-2 Completed by Prime Contractor (A)				
	Prime Contractor (A) enters into a contract with 1st Tier Subcontractors (1); (2); (3); (4); and (5) and registers with the MDOR separately each contract between Prime Contractor (A) and 1st Tier Subcontractor (1), (2), (3), (4), and (5).				
Step 3:	Form CGR-2 Completed by MDOA				
	MDOA dispenses to Prime Contractor (A) \$100,000 (\$100,000 expense to MDOA and \$100,000 income to Prime Contractor (A)).				
	Prime Contractor (A) receives \$99,000 from MDOA.				
	MDOR receives \$1,000 from MDOA (\$100,000 x 1% = \$1,000), which is applied to Prime Contractor (A) 1% Contractor's Gross Receipts Account.				
Step 4:	Form CGR-2 Completed by Prime Contractor (A)				
	Prime Contractor (A) dispenses to 1st Tier Subcontractor (3) \$50,000 for services performed. (\$50,000 expense to Prime Contractor (A) and \$50,000 income to 1st Tier Subcontractor (3)).				
	1st Tier Subcontractor (3) receives \$49,500 from Prime Contractor (A).				
	MDOR receives Form CGR-2 from Prime Contractor (A) reporting payment to 1st Tier Subcontractor (3) and authorizing the transfer of \$500 from Prime Contractor (A) 1% Contractor's Gross Receipt Account to 1st Tier Subcontractor (3) 1% Contractor's Gross Receipt Account.				
Step 5:	Form CGR-1 Completed by 1st Tier Subcontractor (3)				
	1st Tier Subcontractor (3) enters into a contract with 2nd Tier Subcontractor (2) and (3) and registers with the MDOR separately each contract between 1st Tier Subcontractor (3) and 2nd Tier Subcontractors (2) and (3).				
Step 6:	Form CGR-2 Completed by 1st Tier Subcontractor (3)				
	1st Tier Subcontractor (3) dispenses to 2nd Tier Subcontractor (3) \$25,000 for services performed. (\$25,000 expense to 1st Tier Subcontractor (3) and \$25,000 income to 2nd Tier Subcontractor (3)).				
	2nd Tier Subcontractor (3) receives \$24,750 from 1st Tier Subcontractor (3).				
	MDOR receives Form CGR-2 from 1st Tier Subcontractor (3) reporting payment to 2nd Tier Subcontractor (3) and authorizing the transfer of \$250 from 1st Tier Subcontractor (3) 1% Contractor's Gross Receipt Account to 2nd Tier Subcontractor (3) 1% Contractor's Gross Receipt Account.				
Step 7:	Form CGR-1 Completed by 2nd Tier Subcontractor (3)				
	2nd Tier Subcontractor (3) enters into a contract with 3rd Tier Subcontractor (2) and (3) and registers with the MDOR separately each contract between 2nd Tier Subcontractor (3) and 3rd Tier Subcontractors (2) and (3).				
Step 8:	Form CGR-2 Completed by 2nd Tier Subcontractor (3)				
	2nd Tier Subcontractor (3) dispenses to 3rd Tier Subcontractors (2) and (3) \$5,000 each for services performed. (\$10,000 expense to 2nd Tier Subcontractor (3) and \$5,000 income to each 3rd Tier Subcontractor (2) and (3)).				
	3rd Tier Subcontractors (2) and (3) each receives \$4,950 from 2nd Tier Subcontractor (3).				
	MDOR receives Form CGR-2 from 2nd Tier Subcontractor (3) reporting payment to 3rd Tier Subcontractors (2) and (3) and authorizing the transfer of \$100 from 2nd Tier Subcontractor (3) 1% Contractor's Gross Receipt Account to 3rd Tier Subcontractors (2) and (3) 1% Contractor's Gross Receipt Account in the amount of \$50 each.				
Step 9:	Form CGR-3 Completed by Prime Contractor (A); 1st Tier Subcontractor; 2nd Tier Subcontractor; and 3rd Tier Subcontractor requesting a refund of the 1% Contractor's Gross Receipts Fees paid.				
	CGR Account Balances that can be used as a refund of personal property taxes paid (Form CGR-3) or as a credit against contractor's income or corporate license taxes:				
	<table border="0"> <tr> <td>Prime Contractor (A)</td> <td>(\$500)</td> <td>1st Tier Subcontractor (3)</td> <td>(\$250)</td> </tr> </table>	Prime Contractor (A)	(\$500)	1st Tier Subcontractor (3)	(\$250)
Prime Contractor (A)	(\$500)	1st Tier Subcontractor (3)	(\$250)		
	<table border="0"> <tr> <td>2nd Tier Subcontractor (3)</td> <td>(\$150)</td> <td>3rd Tier Subcontractor (2)</td> <td>(\$50)</td> </tr> </table>	2nd Tier Subcontractor (3)	(\$150)	3rd Tier Subcontractor (2)	(\$50)
2nd Tier Subcontractor (3)	(\$150)	3rd Tier Subcontractor (2)	(\$50)		
	<table border="0"> <tr> <td>3rd Tier Subcontractor (3)</td> <td>(\$50)</td> <td></td> <td></td> </tr> </table>	3rd Tier Subcontractor (3)	(\$50)		
3rd Tier Subcontractor (3)	(\$50)				



1% Contractor's Gross Receipts Contract Award Registration

Form CGR-1 is required to be completed and mailed to the Department of Revenue within 10 days after a contract or bid is officially awarded.

1.	Contract awarded by: Enter the federal employer identification number, business name and address. Place an "X" in the "Government Entity" box if you are registering this contract between a government entity and a prime contractor. Place an "X" in the "Prime Contractor" box if you are registering this contract between a prime contractor and a subcontractor.			
	Government Entity <input type="checkbox"/> Prime Contractor <input type="checkbox"/>			
	Federal Identification Number (FEIN)			
	Name			
	Address			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">City</td> <td style="width: 20%;">State</td> <td style="width: 20%;">Zip Code</td> </tr> </table>	City	State	Zip Code
City	State	Zip Code		
2.	Contract awarded to: Enter the federal employer identification number, business name and address. Place an "X" in the "Prime Contractor" box if you are registering this contract between a government entity and a prime contractor. Place an "X" in the "Subcontractor" box if you are registering this contract between a prime contractor and a subcontractor.			
	Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/>			
	Federal Identification Number (FEIN)			
	Name			
	Address			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">City</td> <td style="width: 20%;">State</td> <td style="width: 20%;">Zip Code</td> </tr> </table>	City	State	Zip Code
City	State	Zip Code		
3.	Enter the Government Issued Purchase Order Number here. 3.			
4.	Enter the contract award date here. 4. ____ / ____ /20__			
5.	Enter the estimated construction completion date here. 5. ____ / ____ /20__			
6.	Enter the total dollar amount of the contract here. 6. \$			
7.	Enter a description of the work that will be performed under this contract.			
8.	Enter the location in Montana where this work will be performed. Be specific with your description.			

Contract award registration submitted by: Select the appropriate box identifying which entity is completing this return, sign this return and enter the information requested below.		
Government Entity <input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/>		
Preparer's Signature		
Preparer's Title		Date
Telephone Number	Fax Number	

Please mail this registration to:
Department of Revenue, P.O. Box 5835, Helena, MT 59604-5835



1% Contractor's Gross Receipts Gross Receipts Withholding Return

Form CGR-2 is required to be completed and mailed to the Department of Revenue within 30 days after each payment is made to the prime contractor or subcontractor.

1.	Contract awarded by: Enter the federal employer identification number, business name and address. Place an "X" in the "Government Entity" box if you are remitting the 1% contractor's gross receipts payment on behalf of a prime contractor. Place an "X" in the "Prime Contractor" box if you are allocating the 1% contractor's gross receipts from your prime contractor's account to your subcontractor's account. <div style="text-align: center;"> Government Entity <input type="checkbox"/> Prime Contractor <input type="checkbox"/> </div>
Federal Identification Number (FEIN)	
Name	
Address	
City	
State	
Zip Code	
2.	Contract awarded to: Enter the federal employer identification number, business name and address. Place an "X" in the "Prime Contractor" box if you are remitting the 1% contractor's gross receipts on behalf of a prime contractor. Place an "X" in the "Subcontractor" box if you are allocating the 1% contractor's gross receipts from your prime contractor's account to your subcontractor's account. <div style="text-align: center;"> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> </div>
Federal Identification Number (FEIN)	
Name	
Address	
City	
State	
Zip Code	
3.	Enter the Government Issued Purchase Order Number here.3.
4.	Enter the contract award date here.4. ____/____/20__
5.	Enter the month and year this payment was earned.5. ____/20__
6.	Enter the gross dollar amount due to the prime contractor or subcontractor here.6. \$
7.	Multiply the amount on line 6 by 1% (.01) and enter the result here. This is your 1% Contractor's Gross Receipts.7. \$
8.	Subtract line 7 from line 6 and enter the result here. This is the net amount paid to the prime contractor or subcontractor.8. \$
9.	Check the box below that identifies the type of return you are filing and enter the date the payment was made to the prime contractor or subcontractor.....9. ____/____/20__ 9(a) <input type="checkbox"/> I am enclosing the amount reported on line 7 for credit to my prime contractor's account. 9(b) <input type="checkbox"/> I am allocating the amount reported on line 7 for credit to my subcontractor's account.
10.	Enter a description of the work performed under this contract.
11.	Enter the location in Montana where this work is performed. Be specific with your description.

Withholding return submitted by: Select the appropriate box identifying which entity is completing this return; sign this return and enter the information requested below. <div style="text-align: center;"> Government Entity <input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> </div>		
Preparer's Signature		
Preparer's Title		Date
Telephone Number		Fax Number

Please mail this registration to:
Department of Revenue, P.O. Box 5835, Helena, MT 59604-5835



1% Contractor's Gross Receipts Application for Refund of Personal Property Taxes and Motor Vehicle Fees Paid

1.	Refund requested by: Enter your business name and address		
	Name		
	Address		
	City	State	Zip Code
2.	Enter your federal employer identification number here.....2.		
3.	Enter the calendar year you incurred a personal property tax or motor vehicle fee liability..... 3.		December 31, 20____
4.	Enter the Government Issued Purchase Order Number(s) for the contract(s) you are reporting and the total amount of the 1% contractor's gross receipts tax earned or paid on the contract(s) during the calendar year that you reported on line 3.		
	Government Issued Purchase Order Number	1% Contractor's Gross Receipts Tax Withheld and/or Paid	
		\$	
		\$	
		\$	
		\$	
		\$	
	Add the amounts reported above and enter the result here. This is your total contractor's gross receipts withheld and/or paid.4.		\$
5.	Enter a description of your personal property and vehicle(s) that you are claiming on this refund and the amount of personal property tax and motor vehicle fees that are incurred on this property for the calendar year you reported on line 3. Attach documentation to this return that verifies that these personal property taxes and motor vehicles fees were paid.		
	Description of Your Personal Property and Motor Vehicles.	Amount of Personal Property Tax and Motor Vehicle Fees Paid	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
	Add the amounts reported above and enter the results here. This is your total personal property tax(s) and motor vehicle fee(s) incurred.5.		\$
6.	Enter the smaller of the amounts reported on line 4 or line 5. This is your total refund.6.		\$

Application for refund of personal property taxes and motor vehicles fees submitted by:			
Preparer's Signature			
Preparer's Title			Date
Telephone Number		Fax Number	

Please mail this refund application to:
Montana Department of Revenue, P.O. Box 5835, Helena, MT 59604-5835

