2012 Montana Form CLT-4

Corporation License Tax Booklet

MONTANA DEPARTMENT OF REVENUE

Montana Department of REVENUE

Toll Free (866) 859-2254
Helena (406) 444-6900
revenue.mt.gov

It's Easy to File Your Montana Tax Return Online!

File and pay electronically this year.
Check out the options at *revenue.mt.gov*.

Choose e-file and direct deposit for a faster refund!
Use this booklet to file electronically or on paper.

December 31, 2012

Dear Montana Business Taxpayer:

Your Montana Department of Revenue provides the best possible tax services to the citizens and businesses of our great state. We promise to do the best we can to provide you with the most accurate and timely assistance to help your business file its tax returns, and to ensure that all citizens and businesses pay their fair share of Montana taxes—no more and no less.

We strongly encourage you to file electronically. You can e-file your Montana corporate license tax as part of the joint federal/state electronic filing program. Please visit our website at *revenue.mt.gov* for more details and a list of approved software vendors. Tax professionals who are *Authorized E-file Providers* can submit your federal and state tax returns electronically. Please ask your tax professional to use this helpful and easy service.

You can also e-file your Montana return for free using our website at *revenue.mt.gov*. Our Taxpayer Access Point (TAP) service provides you many options, including methods to file, pay, review and manage your Montana tax account online that are simple, secure and convenient. You can also use TAP to look up your tax records from the previous two years, regardless of how you filed your returns.

We thank you for filing and paying Montana taxes. By paying taxes, your business supports public services that help make Montana a great place to live, work and conduct commerce. We recognize that businesses like yours also help make Montana a great state through your support of many community projects and services, both public and private.

We encourage you to contact us with any questions, requests or suggestions by sending an email message to *DORFormsDesignTeam@mt.gov* or by calling us toll free at (866) 859-2254 (in Helena 444-6900).

Thank you for helping make our tax system work for all Montanans and for all the businesses that participate in our economy!

Best Regards,

Dan Bucks, Director
Montana Department of Revenue

Your Tax Dollars at Work

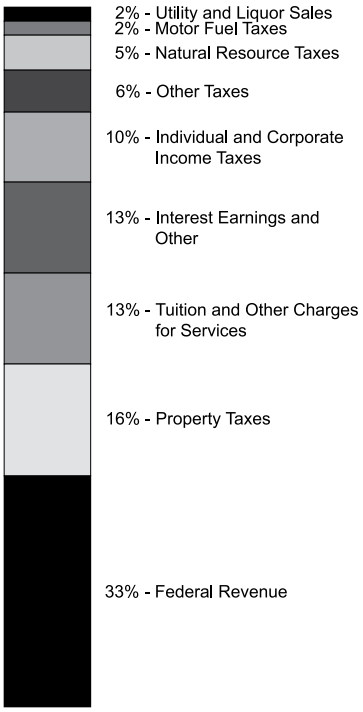
The table to the right shows where your individual and corporate income tax dollars (about 10% of total state and local revenues) were spent in 2011. For the charts below, the left chart shows the sources of revenue for both state and local governments in Montana for 2010, the most recent year for which totals are compiled. The right chart shows state and local spending.

Where Your Income Tax Dollar Goes

Education	47%
Health and Human Services	21%
Public Safety and Corrections	15%
Funds for Local Governments	6%
General Government Operations	9%
Other	2%
Total Spending	100%

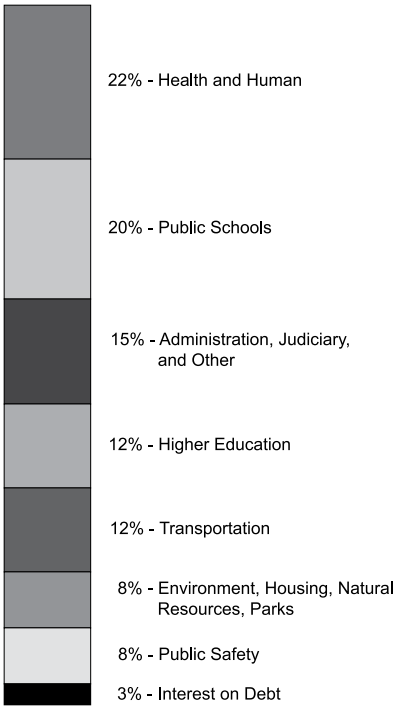
What are Montana's Public Revenues?

Total Montana State and Local Revenue, Fiscal Year Ending 2010



Where Do Your Public Dollars Go?

Total State and Local Spending in Montana, Fiscal Year Ending 2010



It's Easy to File Your Tax Return Online!

EASY
FAST
FREE

It's easier than ever before to file your Montana tax return electronically. Whether you want to file your own return online or through your favorite tax preparer, there are options to fit your needs.

TAXPAYER ACCESS POINT (TAP)

TAP is FREE. After you sign up for account access, you can view your Montana tax information, file your tax return, pay your tax and much more. (TAP is only available if you have filed previously in Montana.)
Go to revenue.mt.gov

Benefits:

- **Avoid Making Errors!**
- **Use Our Safe Secure Website**
- **Authorize Tax Preparer Access**
- **Schedule and Make Payments**
- **View Payment History**
- **Manage Your Profile Information**
- **View and Print Prior Year Returns**
- **Verify Sooner That Your Return is Filed**

FORMS AND MORE INFORMATION ARE AVAILABLE ONLINE

Before you begin we recommend that you take the time to become familiar with the forms, schedules, worksheets and other documents necessary to complete your tax return. Go to *revenue.mt.gov* to find the documents not included in this booklet.

Did you know?

- You can file now and pay later by scheduling payments in Taxpayer Access Point (TAP).
- Direct deposit of your refund is available when you e-file.

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File on TAP!

Free electronic filing of your Montana C corporation tax return is now available at *revenue.mt.gov*.

On Taxpayer Access Point (TAP) C corporations can sign up for account access to:

- file tax returns
- make tax return payments
- view previously filed tax returns
- view tax payment information
- update account information
- grant access to others such as tax practitioners

Easier to Read Form CLT-4

You will notice that the Form CLT-4 has been updated so that it can be read better by both people and our equipment in order to save costs for all Montanans. You can help us maximize savings on processing costs by doing the following:

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

Also, we ask that you organize your return information in the following order (although some items may not apply to you):

1. Check and voucher
2. Correspondence
3. Tax return
4. Schedules
5. Additional documents

General Information

Who Has to File a Corporation License Tax Return?

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

A tax of 6.75% needs to be paid on the total Montana net income for the preceding fiscal or calendar year. Corporations that have a valid water’s edge election need to pay 7% of the total Montana net income. If your corporation has sustained a net loss, you will need to file a Montana Corporation License Tax Return. The minimum tax that a corporation has to pay is $50. For a combined tax return, the minimum tax applies to each corporation with Montana activity. Please see 15-31-121, MCA.

When Does a Corporation Need to File?

The due date for calendar year taxpayers is May 15. The due date for fiscal year taxpayers is the fifteenth day of the fifth month after the close of the taxable year. Interest of 12% per year, calculated daily, accrues on any tax liability that you have not paid by the original due date of your tax return.

A corporation is allowed an automatic extension to file its tax return of up to six months following the prescribed filing date. You are not required to apply for this extension. Please see 15-31-111(3)(a), MCA.

Did you know that your tax preparer can electronically file your Montana Form CLT-4?

Montana participates in the joint federal/state electronic filing program. Please visit our website at *revenue.mt.gov* for more details and a listing of approved software vendors. Tax professionals who are Authorized e-file Providers can file both your federal and state tax returns at the same time.

File your Montana tax form FREE through our website. For more information, please visit *revenue.mt.gov* and check out Taxpayer Access Point (TAP).

How Should a Corporation File?

If you file electronically, you do not need to mail the CLT-4 to us unless we ask for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department’s request. Montana law requires that your return be signed by the corporation’s president, vice-president, treasurer, assistant treasurer or chief accounting officer, but the authorized officer may sign electronically. The act of submitting an electronic return constitutes the officer’s signature and a declaration that he or she is the officer identified in the return as signing the return.

If you choose not to file electronically, please mail your tax returns to:

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

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

Go to *revenue.mt.gov* and check out the Taxpayer Access Point (TAP) website to register for access to your account. After you register for account access, you will be able to file your tax return, make payments, look at your returns and payments, update your account information, and grant access to others (such as your tax practitioner). Please visit our website at *revenue.mt.gov* for more information about simple, secure and convenient ways to file, pay, review and manage your Montana tax account online.

Form CLT-4 Instructions

Heading

Tax Year

The same tax year used for federal income tax purposes (as indicated on the federal return) must be used for Montana Corporation License Tax purposes. Please refer to 15-31-112, MCA. If the corporation has a fiscal year, enter

the beginning and ending dates of the fiscal year. For fiscal filers:

Tax Year Beginning in:	Use tax form:
2010	2010 CLT-4
2011	2011 CLT-4
2012	2012 CLT-4

Name and Address

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

Federal Employer Identification Number (FEIN)

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

Federal Business Code/NAICS

Enter the corporation's Principal Business Activity Code number from page 3 of the federal Form 1120, or applicable form. The Business Activity Code is based on the North American Industry Classification System (NAICS). For further information, please visit *www.naics.com*.

Date Qualified in Montana

Enter the date the corporation qualified to do business in Montana by obtaining a certificate of authority from the Secretary of State. If the corporation was formed in Montana, enter the date the corporation was incorporated.

MT Secretary of State ID

Enter your Montana Secretary of State identification number. When you obtained your certificate of authority to do business in Montana or you incorporated in Montana, you were given this number. To find your identification number, please visit the Secretary of State's website at *sos.mt.gov*, and search for your business name under the Business Services section. Please do not include the alpha when entering the identification number on the return.

Part I. Filing Method

All corporations must complete lines 1 through 3 of this part. If you mark "Yes" to lines 2 or 3, you must complete lines 4 and 5 of this part.

Line 1

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

Line 2

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

Line 3

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

What is a combined return? If your corporation engages in a unitary business, you will have to file a combined tax return in which you apportion the entire business income from such trade or business. All unitary affiliated corporations that are owned more than 50%, and/or a unitary affiliated corporation that owns you more than 50% are required to be included in your combined report. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses. Please see 15-31-301 through 15-31-311, MCA. Corporations filing a combined return for Montana purposes have to complete and include Schedule K (see instructions on pages 7 and 8 of this booklet). In addition, if more than one corporation has Montana activity, you will also need to complete and include Schedule K-Combined (see instructions on page 11 of this booklet) in support of the Schedule K.

Line 4

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

a. **Separate Company** – Mark this filing method if your corporation is a part of a federal consolidated group but is filing a separate, proforma tax return for Montana purposes (non-unitary with any of the other members of the federal consolidated group). Note: If you include a proforma federal Form 1120 with your Montana tax return, you also have to include a signed copy of the federal Form 1120 prepared for your ultimate parent corporation.

b. **Separate Accounting** – Mark this filing method if your corporation's business operations in Montana are not unitary with your corporation's business operations outside of Montana. All of your corporation's income and expenses that are attributed to business operations within Montana have to be able to be separated from the total income and expenses of your corporation. You will also have to include a detailed description of your Montana activity.

c. **Worldwide Combination** – Mark this filing method if your corporation has a unitary relationship with its domestic and foreign subsidiaries. You will need to include federal Form 5471 for each controlled foreign corporation or a detailed schedule of your foreign income.

d. **Domestic Combination** – Mark this filing method if your corporation has a unitary relationship with its domestic subsidiaries, and does not have greater than 50% ownership of a foreign subsidiary.

e. **Limited Combination** – Mark this filing method if your corporation has excluded one or more of its subsidiaries from its combined unitary group. Include on your Schedule M all those subsidiaries (foreign and domestic) that are not included in this unitary group.

f. **Water's Edge** – Mark this method of filing only if your corporation has made a valid water's edge election with the State of Montana. Multinational, unitary corporations that wish to file under the water's edge method will have to make an election by filing Form WE-ELECT within the first 90 days of the tax period for which that election is to become effective. This election has to be approved by the department and it is binding for three consecutive taxable periods. If your corporation wishes to extend this election for another three-year period, it will have to file a new Form WE-ELECT within the first 90 days of the tax period for which the extension to this election is to become effective.

   Corporations that make a valid water's edge election have to include in their water's edge group all of that group's subsidiaries that are incorporated in tax havens. Please see 15-31-322(1)(f), MCA, for a list of these countries.

   Those corporations filing under a valid water's edge election must submit Schedule WE (see instructions on pages 11 through 13 of this booklet) with their Montana Form CLT-4.

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

Line 5

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

Part II. Amended Tax Return

Use this form to amend your original tax return. Indicate at the top of the form that this represents an amended filing and mark the box(es) that indicates the reason(s) why you are amending your tax return. Please include the applicable forms and statements that can explain in detail all of your adjustments. Complete the entire form using the corrected amounts.

- Interest is not paid on a refund resulting from a net operating loss carry-back or carry-forward. Please see 15-31-119(9), MCA.
- Interest is computed on overpayments of tax or additional tax due at the rate of 12% per year. Please see 15-31-531(2), MCA.
- Statute of Limitations on Refunds. Generally, you have to make a claim for refund or credit for the tax year by filing an amended return within three years of the original due date of the return. Please see 15-31-509(2) and (3), MCA.
- If you file an amended return that reflects an increased tax liability, you may meet the conditions for a waiver of the late payment penalty. We may waive the late payment penalty if you have marked the "Amended Return" box on page 1 of Form CLT-4, and you pay the tax and applicable interest in full. By marking this box, you are requesting a waiver of the late payment penalty. Please see ARM 42.3.115.

Part III. General Questions (a-l)

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

Part IV. Reporting of Special Transactions

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

Please Note – If any questions in parts I through IV are not answered or your return is not signed, your tax form may be returned to you to be completed.

Montana Taxable Income and Net Amount Due

Line 1 – Taxable Income

Enter on line 1 of your Montana tax return (Form CLT-4) the taxable income that you reported on line 28 of your federal tax return (Form 1120). Include with your Form CLT-4 a complete copy of the signed Form 1120 that you filed with the Internal Revenue Service. If your Form 1120 is voluminous, please include pages 1 through 5, along with the schedules that you used to compute your income and deductions and the supporting federal schedules for each of the following items, if applicable:

- Line 2 – Cost of Goods Sold and/or Operations
- Line 8 – Net Capital Gains (Schedule D)
- Line 9 – Ordinary Gains (Loss) (Form 4797)
- Line 10 – Other Income
- Line 17 – Taxes
- Line 19 – Charitable Contributions

- Line 26 – Other Deductions
- Form 8873 – Extraterritorial Income Exclusion
- Schedule M-3 – Net Income (Loss) Reconciliation for Corporations with Total Assets of $10 Million or More
- Schedule N – Foreign Operations of U.S. Corporations
- Form 5471 – Information Return of U.S. Persons With Respect to Certain Foreign Corporations
- Form 8858 – Information Return of U.S. Persons With Respect to Foreign Disregarded Entities

Line 2 – Montana Additions

a. The Montana corporation license tax and other state, local and foreign income taxes that have been deducted on your federal tax return have to be added back to your income on this line. Please include a breakdown of your federal Form 1120, line 17 taxes. Please see 15-31-114(1)(e), MCA.

b. Federal tax-exempt interest is taxable for Montana purposes and needs to be added to your income on this line. Please see 15-31-113(1)(a)(i), MCA.

c. If you claim the qualified endowment credit on your tax return, the amount of contribution that you used to compute your credit needs to be added to income on this line. Please see 15-31-161, MCA.

d. Corporations that have a unitary relationship with an international group are required to make a worldwide combined filing. Enter any income or loss from your foreign parent, if applicable, and from all foreign subsidiaries that are included in the worldwide combined group on this line. Include supporting schedules or your federal Form(s) 5471 and 8858.

e. Unitary filers need to enter the income or loss from unitary subsidiary corporations that are not included in their federal consolidated group. For example, subsidiary corporations in which members of the collective unitary group own more than 50% of that corporation need to be included on this line. Include a copy of the federal Form 1120, or applicable form, and supporting schedules for each separately filed corporation.

f. If you claim the Insure Montana credit for insurance premiums paid during the year, you have to include the amount of insurance premiums that were used to compute this credit in your income for the year that you incurred the expense on this line. The amount to include is two times the amount of the allowable credit. Please see 33-22-2006(6), MCA.

g. Enter the amount from line 10 of your Schedule WE on this line. Schedule WE is on page 10 of Form CLT-4.

h. For water's edge filers only, enter any income or loss of unitary corporations incorporated in a tax haven country on this line. Include a supporting schedule or federal Form(s) 5471 and 8858. Please see 15-31-322(1)(f), MCA.

i. The federal capital loss carryover is not allowed as part of your allowable deduction for Montana corporation license tax purposes. Any amount of federal capital loss carryover that you used on your federal tax return has to be added back on this line when you compute your Montana taxable income. Please include your federal Schedule D. Please see 15-31-114(1), MCA.

j. Include with your Form CLT-4 a detailed breakdown of any other additions to your income and report it on this line.

Examples of other additions:

- Film Production Credit – If you claim a film production credit, you have to include the amount of the expenditures that you used to compute this credit in your income for the year you incurred this expenditure.
- Extraterritorial Income Exclusion –The federal extraterritorial income exclusion is not allowed for Montana tax purposes. Consequently, your federal deduction for extraterritorial income has to be added back on this line when you compute your Montana taxable income. Please include federal Form 8873, Extraterritorial Income Exclusion and federal Schedule N, Foreign Operations of U.S. Corporations.

Line 3 – Montana Reductions

a. Montana allows a deduction for Section 243 dividends at the same percentage as the federal deduction. This deduction should be reported on this line. For water's edge filers only, dividends received from 80/20 companies are allowed at 80%. Please see 15-31-325, MCA.

b. Nonbusiness Income (for multi-state taxpayers only) – Business income means income arising from transactions and activity in the regular course of your trade or business and includes income from tangible and intangible property if the acquisition, management and disposition of that property constitute integral parts of your trade or business operations. Please see 15-31-302, MCA. Gains or losses from the sale of capital or business assets, dividends, interest, rents, or royalties are business income unless they can be clearly classified as nonbusiness income. You will have to include with your tax return a statement or schedule that describes each type of nonbusiness income and that explains in detail why you consider that income to be nonbusiness. Report all nonbusiness income on this line. Please see ARM 42.26.206-208.

c. You may deduct an additional 10% of the cost for the purchase of recycled material on this line. This amount is computed on Form RCYL. You will have to include a copy of Form RCYL with your tax return. Please see 15-32-610, MCA.

d. Multi-state corporations need to enter the income or loss of all their non-unitary corporations that are included in the federal consolidated group on this line. You will have to include with your tax return a statement or schedule of the non-unitary corporations

and explain in detail why you consider the corporations to be non-unitary.

e. If you are using the water's edge method of filing, you will need to enter on this line the total of federal line 28 income or loss of all your 80/20 companies and include a supporting schedule.

f. You have to deduct capital losses in the year that you incurred those losses. Enter the amount of capital loss that you incurred during the tax period that has not already been deducted on your federal tax return on this line. Please include your federal Schedule D. Please see 15-31-114(1)(b), MCA.

g. Report on this line any other deductions that are allowable as you compute your Montana taxable income. Please include a detailed schedule with your tax return.

Examples of other reductions:

- The amount of contributions made by a small business to its independent liability fund. Please see 33-27-117(1), MCA.
- A portion of an investment made in a building for the purpose of conserving energy. To qualify, the building has to be used in the corporation's business and the result of the investment has to show a substantial reduction in the amount of energy needed to render the building usable. Please see 15-32-103, MCA.
- Documented expenses for the donation of mineral exploration information to the Montana Tech Foundation. Please see 15-32-510, MCA.

Line 4 – Adjusted Taxable Income

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

Line 5 – Income Apportioned to Montana

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

Line 6 – Income Allocated Directly to Montana

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

Line 7 – Montana Taxable Income Before Net Operating Loss

Add lines 5 and 6; enter the result on this line, or enter the amount shown on line 4. If you incurred a net operating loss, enter a negative amount. Unless you elect to forego carryback, this loss first has to be carried back to the three preceding taxable periods prior to the year of loss. Please see 15-31-119, MCA.

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

Line 8 – Montana Net Operating Loss Carryover

If line 7 is a positive amount, the loss that you claim on line 8 cannot exceed the amount of income that you reported on line 7. If line 7 is a negative amount, enter $0 on line 8. If you have sustained a Montana net operating loss in a preceding year, you can apply the remaining loss against the income that you reported on line 7. You can carry forward any net operating loss that you incurred for seven taxable periods following the year of that loss. If you claim a Montana net operating loss deduction on line 8, include a detailed schedule of your net operating loss carryover.

If you are filing a combined tax return and have more than one corporation active within Montana, you need to compute the net operating loss on a separate entity basis. Schedule K–Combined on pages 8 and 9 of the Form CLT-4 is the form used to calculate the separate entity net operating loss. Use the instructions on page 11 of this booklet to complete Schedule K-Combined.

If you are claiming a net operating loss carryover deduction from a prior period, you will need to provide the loss detail calculated on a separate entity basis.

Please see ARM 42.23.801-805.

Line 9 – Montana Taxable Income

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

Tax Due

Line 10 – Montana Tax Liability

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

Alternative Tax

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

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

If you elect to pay the alternative tax, mark the box on line 10 and enter your calculated tax liability. Include a detailed breakdown of this calculation.

Line 11 – Montana Tax Liability

Enter the amount on line 10 here.

Line 12 – Payments

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

- making an electronic transfer from your checking or savings account or credit card payment using our Taxpayer Access Point (TAP) service at *revenue.mt.gov*;
- scheduling an ACH credit through your bank if the bank supports this process; or
- sending your payment, along with the completed Montana Corporation License Tax Payment Voucher that is inserted in this booklet (and also available online at *revenue.mt.gov*), to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021. Be sure to reference your Federal Employer Identification Number (FEIN) and tax year on the memo line of your check.

a. **2011 Overpayment** – If you made an overpayment of your 2011 tax that has not been refunded previously, you can claim it as a credit on this line.

b. **Tentative Payment** – If you made a tentative payment, enter the amount on this line.

c. **Quarterly Estimated Tax Payments** – If you made quarterly estimated payments during 2012, enter the total of those payments on this line.

d. **Montana Mineral Royalty Tax Withheld** –The 6% required to be withheld from net royalty payments made to owners of Montana mineral rights is treated as tax paid. This withholding should not to be confused with the amounts deducted from your royalty payments for production taxes. Enter the total amount of Montana royalty withholding on this line. Please include Form(s) 1099. For more information, please visit the “Mineral Royalties” link at *revenue.mt.gov*.

e. **Montana Tax Withheld by Pass-Through Entities** – If a pass-through entity in which you held an interest remitted Montana tax on your behalf, enter the amount of the remittance on this line. Please include the Montana Schedule(s) K-1.

f. **Other Payments** – Please include any payment that you did not report above. Enter a description of the type of payment(s) included on this line.

g. **Refunds Previously Issued** – If this is an amended return, and you received a refund when you filed your original tax return or a previous amended tax return, include the amount of the refund on this line. Do not include overpayments applied to 2013 on this line (this amount needs to be entered on line 15).

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

Line 13 – Credits

From Schedule C, column C, enter the total credits on this line. To claim any credit on Form CLT-4, you need to include a completed copy of Schedule C and the prescribed form(s) and detailed schedule(s) for the credit(s) that you claim. Please see the instructions for Schedule C on pages 8 through 10 of this booklet.

Line 14 – Tax Due or Overpayment

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

Line 15 – Overpayment Credited to 2013 Estimated Tax

Indicate the amount, if any, of the overpayment you wish to be applied to your 2013 estimated tax. If you are filing an amended return, enter the amount of overpayment applied as requested on the original return or previously amended return on this line.

Line 16 – Net Tax Due or Overpayment

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

Line 17 – Interest

When you do not pay your tax by the original date that it is due, interest on the tax due accumulates at the rate of 12% per year until the tax is paid. Interest is calculated daily on the unpaid tax. Your taxes are due by the fifteenth day of the fifth month following the close of the taxable year. Please note that the automatic six-month extension to file is not an extension to pay.

Line 18 – Estimated Tax Underpayment Interest

If your tax liability is $5,000 or greater, you have to make quarterly estimated payments. Please see 15-31-502, MCA. Interest is charged at 12% per year on any underpayment of the required estimated tax. Please see 15-31-510, MCA.

Compute the estimated tax underpayment interest, if applicable, on Form CLT-4-UT and include a completed copy with your tax return. Enter the amount of interest on this line. If you use the annualized/seasonal method to compute the interest, mark the box on this line and include a copy of the federal Form 2220 that you filed with your federal tax return. Form CLT-4-UT and its detailed instructions are available on our website at *revenue.mt.gov*.

Line 19 – Penalty

a. **Late Filing Penalty** – If you do not file your tax return by the due date (including any extension of time), you will be subject to a late filing penalty of $50 or the amount of the tax that was due, whichever is smaller.

If you have made an overpayment of your tax, no late filing penalty will be charged.

b. **Late Payment Penalty** – If you do not pay your tax liability by the original date that it is due, you will be charged a late payment penalty of 1.2% per month or fraction of a calendar month on any unpaid tax. This penalty cannot exceed 12% of your tax due. The late payment penalty is calculated from the original due date of your tax return. Please note that the automatic six-month extension to file is not an extension to pay.

Line 20 – Total Due or Overpayment

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

a. If the result is positive, enter the amount due on this line. You can pay the amount due using any of these methods:

- e-filing your return and requesting electronic funds withdrawal;
- making an electronic transfer from your checking or savings account or credit card payment using our Taxpayer Access Point (TAP) service at *revenue.mt.gov*;
- scheduling an ACH credit through your bank if the bank supports this process; or
- sending your payment, along with the completed Montana Corporation License Tax Payment Voucher that is inserted in this booklet (and is also available online at *revenue.mt.gov*), to: Montana Department of Revenue, PO Box 8021, Helena, MT 59604-8021. Be sure to reference your Federal Employer Identification Number (FEIN) and tax year on the memo line of your check.

b. If the result is negative, enter the amount of refund that you are requesting on this line. Please mark the "Refund Return" box on page 1 of Form CLT-4.

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

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

Paid Preparer Information

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

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

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

- Call the tax preparer to answer any questions that arise while we are processing your 2012 tax return, including requesting that the tax preparer give us any information that is missing from your return.
- Respond to the tax preparer's call to us for information about the processing of your return or the status of your refund of payment(s).

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

Please be aware that this authorization cannot be revoked. The authorization will, however, automatically end no later than the due date, without regard to extensions, for the filing your next year's (2013) tax return. For example, if you are a calendar year end filer, the authorization would expire on May 15, 2014.

If you want to expand or change the tax preparer's authorization, you can use Form POA, Power of Attorney, Authorization to Disclose Tax Information. This form is available on our website at *revenue.mt.gov* under Forms and Resources and can be submitted electronically through our website. An example of changing a tax preparer's authorization is to allow them to respond to notices from us. Note: The department will only send notices directly to you, not to the tax preparer.

Please Note – If your tax return is not signed by an officer of the reporting entity, or if it is not completed in its entirety, you will receive a request to sign or complete the return.

Instructions for Schedule K

Schedule K applies only to multi-state taxpayers. All multi-state taxpayers have to complete and include the Schedule K with their Montana Form CLT-4. In addition, if you have more than one company with Montana activity, you will need to compute each company's apportionment factor on a separate entity basis. Schedule K-Combined on pages 8 and 9 of Form CLT-4 is the form used to calculate the separate entity apportionment factor. Use instructions on page 11 of this booklet to complete the Schedule K-Combined.

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

When a corporation is engaged in a unitary business within and outside of Montana, the net income assignable to Montana has to be determined using the apportionment factor. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. Schedule K has to be completed fully by every corporation that carries on a unitary business within and outside of the

state or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses. Please see 15-31-301, MCA. If you have determined the income that you attribute to Montana on some basis other than the apportionment method, you will need to include a full and detailed description of your business operation along with an explanation of the method that you used. Even if the Department of Revenue pre-approves an alternative method of determining your taxable income, you will still need to complete and submit Schedule K.

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

Property Factor (Line 1, Schedule K)

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

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

The denominator is the average value of all the taxpayer's real and tangible personal property owned, leased or rented and used in the production of business income during the tax period. Enter the denominator values in column A of Schedule K.

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

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

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

Payroll Factor (Line 2, Schedule K)

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

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

Payroll is considered to be paid in Montana if:

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

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

Sales Factor (Line 3, Schedule K)

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

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

Sales of tangible personal property are in Montana if:

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

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

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

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

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

Sum of Factors (Line 4, Schedule K)

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

Apportionment Factor (Line 5, Schedule K)

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

Instructions for Schedule C – Tax Credits

You have to include a completed copy of Schedule C – Tax Credits and the required credit forms or detailed supporting schedules with your Form CLT-4 in order to offset any tax liability by these credits.

Calculate the total credit available for each line. Column A is the amount of tax credit earned during the current period. Column B includes the amount from column A plus any tax credits allowed to be carried over from other tax periods and that have not yet been used. Column C is the amount of tax credit that you can use for the current period.

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

Nonrefundable Credits

Line 1 – New/Expanded Industry Credit

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

Line 2 – Montana Dependent Care Assistance Credit

Please refer to Form DCAC.

Line 3 – Montana College Contribution Credit

Please refer to Form CC.

Line 4 – Health Insurance for Uninsured Montanans Credit

Please refer to Form HI.

Line 5 – Montana Recycle Credit/Deduction

Please refer to Form RCYL.

Line 6 – Alternative Energy Production Credit

Please refer to Form AEPC.

Line 7 – Contractor's Gross Receipts Tax Credit

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

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

To support the credit that you claim, include a schedule or statement including the contract name (and number, if any), location, general description (for example: building, road, bridge, etc.), name of awarding agency, name of prime contractor and the amount of gross receipts tax paid.

If you report your income from contracts on a percentage-of-completion basis, this credit has to be allocated proportionately. If you file a combined return in Montana and your contractor's gross receipts tax is paid by affiliated company(s), include the name and Federal Employer Identification Number (FEIN) of the affiliated company and the amount of gross receipts tax paid.

Line 8 – Alternative Fuel Credit

Please refer to Form AFCR.

Line 9 – Infrastructure User Fee Credit

Please refer to Form IUFC.

Line 10 – Qualified Endowment Credit

Please refer to Form QEC.

Line 11 – Historical Buildings Preservation Credit

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

Line 12 – Increase Research and Development Activities Credit

The Increasing Research and Development credit expired on December 31, 2010. Therefore, a current year credit cannot be claimed for periods beginning after December 31, 2010. Any unused credit from prior periods can be carried forward for up to 15 tax years. If you are claiming unused credit carryforward on this line, include a detailed schedule of the credit carryforward.

Line 13 – Mineral Exploration Incentive Credit

Please refer to Form MINE-CRED.

Line 14 – Empowerment Zone Credit

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

Line 15 – Film Employment Production Credit – Nonrefundable

Please refer to Form FPC.

When you claim this credit, you will need to make a one-time election to apply the credit against your corporation license tax liability and either:

- carry forward any unused credit to be applied in the four succeeding tax years or
- to refund any unused credit (If you want to have your credit refunded, please enter your credit on line 20 of Schedule C.).

Please see 15-31-907, MCA. If you elect to carry forward the unused credit, enter the amount on this line.

Line 16 – Biodiesel Blending and Storage Credit

Please refer to Form BBSC.

Line 17 – Oilseed Crushing and Biodiesel/ Biolubricant Production Credit

Please refer to Form OSC.

Line 18 – Geothermal System Credit

Please refer to Form ENRG-A.

Line 19 – Total Nonrefundable Credits

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

Refundable Credits

Line 20 – Film Employment Production Credit – Refundable

Please refer to Form FPC.

When you claim this credit, you will need to make a one-time election to apply the credit against your income tax liability and either:

- carry forward any unused credit to be applied in the four succeeding tax years (If you want to carry forward your credit, please enter the amount on line 15 of Schedule C.) or
- to refund any unused credit.

Please see 15-31-907, MCA. If you elect to refund the unused credit, enter the amount on this line.

Line 21 – Film Qualified Expenditures Credit

Please refer to Form FPC.

Line 22 – Insure Montana Credit

If you are an eligible small employer, as defined in 33-22-2006, MCA, a credit can be claimed for qualifying insurance premiums paid for coverage of eligible employees, their spouses and dependents under a group health plan. If you claim this credit, please include a copy of the letter from the State Auditor's Office providing the final amount of tax credit the business received. If you are using insurance premiums to calculate the Health Insurance for Uninsured Montanans Credit (line 4), these premium payments cannot be used to calculate the Insure Montana Credit. In addition, if you deducted these premiums to calculate Montana taxable income, you have to add the amount deducted on your federal tax return back on line 2f of Form CLT-4. The amount to add back is two times the amount of the allowable credit. You can claim this credit even if it exceeds your corporation license tax liability on line 10 of Form CLT-4. Any allowable credit in excess of your Montana tax liability must be refunded.

Line 23 – Temporary Emergency Lodging Credit

Please refer to Form TELC.

Line 24 – Total Refundable Credits

Add lines 20 through 23 and enter the result on this line.

Tax Credits Recapture

Line 25 – Qualified Endowment Credit Recapture

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

Line 26 – Historical Buildings Preservation Credit Recapture

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

Line 27 – Film Production Credit Recapture

If your production company's certification is revoked after you take the credit, you will need to recapture the credit on this line.

Line 28 – Biodiesel Blending and Storage Credit Recapture

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

Line 29 – Oilseed Crushing and Biodiesel/ Biolubricant Production Credit Recapture

If the facility for which the credit is claimed ceases operations for a period of 12 consecutive months within five years of claiming the credit, the credit is subject to recapture. The recapture is reported on this line.

Line 30 – Total Recapture of Tax Credits

Add line 25 through 29 and enter the result on this line.

Line 31

Add the total of lines 19 and 24, and then subtract line 30. Enter the amount on this line and on line 13 on page 4 of Form CLT-4.

Instructions for Schedule K-Combined

Who needs to fill out Schedule K-Combined?

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

Completing the Schedule K-Combined

Please refer to the instructions for Schedule K on pages 7 and 8 of this booklet for the calculation of the property, payroll, and sales factors.

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

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

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

Line 5 – Apportionment Factor

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

Line 6 – Montana Taxable Income

6a. For each column, enter the combined group's Montana adjusted taxable income from line 4 of page 3 of the Form CLT-4.

6b. Multiply each column's separate entity apportionment factor by the combined group's Montana adjusted taxable income.

6c. Income directly allocated to Montana should be included under the entity in which this income is related to.

6d. Add lines 6b and 6c; enter the result on this line.

6e. Enter the net operating loss carryover for each separate entity. The net operating losses carried over must be calculated in the same manner using the Schedule K-Combined for each prior year. Please include a schedule detailing the computation of the net operating loss carryover. The total in column C of the Schedule K-Combined should equal the same amount reported on line 8 of page 3 of Form CLT-4.

6f. Subtract line 6e from line 6d and enter the result on this line.

6g. Enter the total of line 6f for all columns. The total amount on column C of the Schedule K-Combined should be the same as line 9, page 3 of Form CLT-4.

6h. Multiply line 6f by 6.75% (7% for corporations filing under a valid water's edge election) and enter the total on this line. Your Montana tax liability cannot be less than $50 times the number of companies with Montana activity. The $50 minimum tax applies to each corporation having activity in Montana, regardless of whether the company has a net operating loss.

6i. Add all columns on line 6h and enter the result. The total amount on column C of the Schedule K-Combined should be the same as line 10, page 3 of the Form CLT-4.

6j. Credits must be applied on a separate entity basis, except for the Contractor's Gross Receipts Tax Credit. Enter the Montana credit(s) of each separate entity on this line.

Instructions for Schedule WE

Who needs to fill out Schedule WE?

If you have a valid water's edge election, you need to fill out Schedule WE. A water's edge election allows you to apportion your worldwide income to this state using only certain affiliated corporations. When you file a return using the water's edge method, you include corporations based upon attributes such as the location of the corporation's payroll and property, and the percentage of ownership that you have in the corporation. Please see 15-31-322, MCA.

Part I. Water's Edge Election

If you wish to compute your income attributable to Montana sources on a water's edge basis, you have to make an election by filing Form WE-ELECT within the first 90 days of the tax year in which it is to become effective. Each election binds you for a three-year renewable period. Form WE-ELECT needs to be filed for each three-year period, and must be submitted within the first 90 days of the tax period for which your subsequent election is to become effective. In order to revoke the election, you must make a request and receive our written permission to do so.

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

Part II. How to Calculate the Deemed Dividends Received from Corporations Incorporated Outside of the United States

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

The water's edge combined return includes only the income and apportionment factors of the members of the unitary group that meet the criteria set forth in 15-31-322, MCA, and summarized below. If your affiliated entity meets

any one of these criteria and is unitary, it is included in your combined return. If your affiliated entity does not meet any of these criteria, it is excluded from your combined return.

- An affiliated entity that:
  - is incorporated in the United States,
  - is in a unitary relationship with you,
  - has less than 80% of its average payroll and property assigned to locations outside the United States, and
  - is eligible to be included in a federal consolidated tax return as described in 26 U.S.C. 1501 through 1505, with the exception that the 80% ownership requirement described in 26 U.S.C. 1504 is reduced to ownership of more than 50% of the voting stock directly or indirectly owned or controlled by a member of the water's edge group.
- Domestic international sales corporations, as described in 26 U.S.C. 991 through 994, and foreign sales corporations, as described in 26 U.S.C. 921 through 927.
- Export trade corporations, as described in 26 U.S.C. 970 and 971.
- Foreign corporations deriving gain or loss from disposition of a United States real property interest to the extent recognized under 26 U.S.C. 897.
- A corporation incorporated outside the United States, if more than 50% of its voting stock is owned directly or indirectly by the taxpayer and if less than 80% of the average of its payroll and property is assignable to a location outside the United States.
- An affiliated entity that is in a unitary relationship with you and that is incorporated in a tax haven country. Please refer to Part IV, page 13 for additional details.
- A portion of the after-tax net income of United States corporations that are excluded as 80/20 companies and the United States possession corporations described in Sections 931 through 934 and Section 936 of the IRC are considered dividends received from corporations that are incorporated outside of the United States. These deemed dividends are included in the apportionable income and are to be calculated in Part II.

Line 1 – Positive Taxable Income of 80/20 Companies

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

Line 2 – Consolidated 1120 Positive Taxable Income

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

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

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

Line 4 – Tax Liability as Reported on Consolidated 1120

Enter the federal tax liability that you reported on your federal consolidated Form 1120, net of any federal tax credits.

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

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

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

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

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

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

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

Calculate the after-tax net income for your U.S. corporations that qualify as an 80/20 company, that are owned greater than 50% and that are not included in your consolidated federal return. After-tax net income is calculated by subtracting the tax liability from the taxable income on the corporation's federal form. Enter this amount on this line.

Line 9 – Total After-Tax Net Income

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

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

Multiply line 9 by 20% (0.20); enter the result on this line, and also on Form CLT-4, line 2g, page 3 of the CLT-4.

Part III. List of 80/20 Companies

Column 1 – Name

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

Column 2 – FEIN

For each company listed in column 1, enter the 80/20 company's Federal Employer Identification Number (FEIN).

Column 3 – Income/Loss

For each company listed in column 1, enter the income or loss that you reported on your federal consolidated return, line 30, for the 80/20 company.

Column 4 – Dividends Received

For each company listed in column 1, enter the total dividends that were received by the 80/20 company for this filing period.

Part IV. List of Controlled Foreign Corporations

Column 1 – Name

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

Column 2 – Country of Incorporation/Organization

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

Column 3 – Income/Loss

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

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

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

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

THE GREAT SEAL OF THE STATE OF MONTANA
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Corporation License Tax - Descriptions of Forms Available

CLT-4 .....Montana Corporation License Tax Return
Schedule M.....Affiliated Entities (included in booklet)
Schedule K-Combined.....Apportionment Factors for Combined Filers (included in booklet)
Schedule WE.....Water's Edge Schedule (included in booklet)
Form CT .....Scannable Payment Voucher (included in booklet)
CLT-4-UT .....Underpayment of Estimated Tax
ATL .....Assumption of Tax Liability
CRT .....Tax Certificate Request
ESL.....Extension of Statute of Limitations
INA-CT.....Affidavit of Corporate Inactivity
MHPE .....Mobile Home Park Exclusion
MINE-CERT.....Application and Approval for Mineral Exploration Incentive Credit
NEXUS .....Nexus Questionnaire
RDF-CT .....Application to be Considered a Research and Development Firm
WE-ELECT .....Water's Edge Election

Schedule C Tax Credit Forms:

DCAC .....Montana Dependent Care Assistance Credit
CC .....Montana College Contribution Credit
HI .....Health Insurance for Uninsured Montanans Credit (Employer)
RCYL .....Montana Recycling Credit/Deduction
AEPC.....Alternative Energy Production Credit
AFCR.....Alternative Fuel Credit
IUFC .....Infrastructure User Fee Credit
QEC.....Qualified Endowment Credit
MINE-CRED .....Mineral and Coal Exploration Incentive Credit
BBSC.....Biodiesel Blending and Storage Credit
OSC.....Oilseed Crushing and Biodiesel/Biolubricant Production Credit
ENRG-A.....Geothermal System Credit
FPC .....Film Production Credit
FPC-AF.....Film Production Credit Application Fee
FPC-PP .....Film Prodution Credit-Submission of Costs-End of Principal Photography
FPC-RD .....Film Production Credit Residency Declaration
TELC .....Temporary Emergency Lodging Credit

These forms are available on our website at *revenue.mt.gov*. You can also order your forms by calling us toll free (866) 859-2254 (in Helena, 444-6900).

Helpful Tips for Filing Your Tax Return

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

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

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OF REVENUE

No Return

Did you know that you can e-file your Montana tax return?

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

Important Numbers

Assistance and Help Line ..... toll free (866) 859-2254 (in Helena, 444-6900)
Forms Request ..... toll free (866) 859-2254 (in Helena, 444-6900)
For the Hearing Impaired ..... (406) 444-2830
Fax ..... (406) 444-6642