

No Staples

2011 Montana Individual Income Tax Return

Form 2

For the year Jan 1 - Dec 31, 2011 or the tax year beginning MMDD2011 and ending MMDD20YY

Mark all that apply.

Amended Return

NOL Carryback

Personal information section including First Name, Last Name, Social Security Number, Spouse's information, and Mailing Address.

Filing Status Mark only one box.

- 1 Single
2 Married filing jointly
3a Married filing separately on the same form
3b Married filing separately on separate forms
3c Married filing separately and spouse not filing
4 Head of household

Residency Status Mark only one box.

- 5a Resident full year
5b Nonresident full year
5c Resident part-year

Resident Part-Year Required Information section including Date of change and State moved to/from.



Did you know? You can e-file this form. revenue.mt.gov/efile

Dependents

Table for Dependents with columns: First Name, Last Name, Social Security Number, Relationship, Disabled (Yes/No).

Exemptions

- 6a Yourself 65 or older Blind
6b Spouse 65 or older Blind
6c Enter the total number of dependents.
6d Add lines 6a through 6c and enter total exemptions here.

Table for Exemptions with columns: Column A (for single, joint, separate, or head of household), Column B (for spouse when filing separately using filing status 3a).

Enter amounts on lines 7 through 38 corresponding to your federal return. Round to nearest dollar. If no entry, leave blank.

Federal Income

Main Federal Income table with lines 7-22 and columns for taxable amounts.



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Federal Adjusted Gross Income

- 23 Your total income from line 22. ▶
- 24 Educator expenses. ▶
- 25 Certain business expenses of reservist, etc. Include federal Form 2106 or 2106-EZ. ▶
- 26 Health savings account deduction. Include federal Form 8889. ▶
- 27 Moving expenses. Include federal Form 3903. ▶
- 28 Deductible part of self-employment tax. Attach federal Schedule SE. ▶
- 29 Self-employed SEP, SIMPLE, and qualified plans. ▶
- 30 Self-employed health insurance deduction. ▶
- 31 Penalty on early withdrawal of savings. ▶
- 32a Alimony paid. ▶
- 32b Recipient's SSN. ▶ 32b

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- 33 IRA deduction. ▶
- 34 Student loan interest deduction. ▶
- 35 Tuition and fees. ▶
- 36 Domestic production activities deduction. Include federal Form 8903. ▶
- 37 Add lines 24 through 36 and enter the result here. Federal write-ins. ▶
- 38 Subtract line 37 from line 23 and enter the result here. ▶
- 38a Combine amounts on line 38 columns A and B and enter here. **This is your federal adjusted gross income.** ▶ 38a

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	Column A (for single, joint, separate, or head of household)		Column B (for spouse when filing separately using filing status 3a)	
23		00		00
24		00		00
25		00		00
26		00		00
27		00		00
28		00		00
29		00		00
30		00		00
31		00		00
32a		00		00

Montana AGI

- 39 Enter Montana additions to federal adjusted gross income from Form 2, page 4, Schedule I, line 17. ▶
- 40 Enter Montana subtractions from federal adjusted gross income from Form 2, page 5, Schedule II, line 35. ▶
- 41 Add lines 38 and 39; subtract line 40. **This is your Montana adjusted gross income.** ▶

33		00		00
34		00		00
35		00		00
36		00		00
37		00		00
38		00		00
38a			00	
39		00		00
40		00		00
41		00		00

Taxable Income

- 42 Deductions Standard Deduction (see Worksheet V on page 46) Itemized Deductions (from Form 2, Schedule III, line 32) ▶
- 43 Subtract line 42 from line 41 and enter the result here. ▶
- 44 Exemptions (All individuals are entitled to at least one exemption.) Multiply \$2,190 by the number of exemptions on line 6d and enter the result here. ▶
- 45 Subtract line 44 from line 43 and enter the result here. **This is your taxable income.** ▶

42		00		00
43		00		00
44		00		00
45		00		00

Tax, Nonrefundable Credits and Recapture

- 46 Tax from the tax table on page 7 or from Form 2, page 4. If line 45 is zero or less than zero, enter zero. ▶
- 47 2% capital gains tax credit. ▶
- 48 Subtract line 47 from line 46; enter the result here, but not less than zero. **This is your resident tax after capital gains tax credit.** ▶
- 48a Nonresident, part-year resident tax after capital gains tax credit. Enter here the amount from Form 2, Schedule IV, line 22, but not less than zero. ▶
- 49 Tax on lump-sum distributions. Include federal Form 4972. ▶
- 50 Add lines 48 or 48a and 49 and enter the result here. **This is your total tax.** ▶
- 51 Enter the amount from Form 2, Schedule V, line 23, but do not enter an amount larger than the amount on line 50. **This is your total nonrefundable credits.** ▶
- 52 Recapture tax(es) (see instructions on page 7). Code Code ▶
- 53 Add lines 50 and 52, then subtract the amount on line 51 and enter the result here. **This is your 2011 tax liability.** ▶

46		00		00
47		00		00
48		00		00
48a		00		00
49		00		00
50		00		00
51		00		00
52		00		00
53		00		00

Questions? Call us toll free at (866) 859-2254 or in Helena at 444-6900 or TDD (406) 444-2830 for hearing impaired.



SSN input boxes

Column A (for single, joint, separate, or head of household)
Column B (for spouse when filing separately using filing status 3a)

Payments and Refundable Credits

- 54 Your 2011 tax liability from line 53.
55 Montana income tax withheld. Include federal Form(s) W-2 and 1099.
56 Montana mineral royalty tax withheld. Include federal Form(s) 1099 and supporting schedule, if any.
57 Montana pass through entity withholding. Include Montana Schedule K-1 or Form PT-WH.
58 2011 estimated tax payments and amount applied from your 2010 return.
59 2011 extension payments from Form EXT-11.
60 Refundable credits from Form 2, Schedule V, line 29.
61 If filing an amended return: Payments made with original return.
62 If filing an amended return: Previously issued refunds.
63 Add lines 55 through 61. Subtract line 62, enter the result here. This is your total payments.
64 If line 54 is greater than line 63, subtract line 63 from line 54. This is your tax due.
65 If line 63 is greater than line 54, subtract line 54 from line 63. This is your tax overpaid.

Table with 4 columns: Line number, Column A, Column B, and a final column. Rows 54-65.

Penalties, Interest and Contributions

- 66 Interest on underpayment of estimated taxes (see instructions on page 9).
If applicable, mark appropriate box: 2/3 farming gross income Estimated payments were made using the annualization method
67 Late file penalty, late payment penalty and interest (see instructions on page 10).
68 Other penalties (see instructions on page 10).
69 Total voluntary check-off contribution programs from lines 69a through 69d.
69a Nongame Wildlife Program
69b Child Abuse Prevention
69c Agriculture in Schools
69d Montana Military Family Relief Fund

Table with 4 columns: Line number, Column A, Column B, and a final column. Rows 66-69.

Amount You Owe or Your Refund

- 70 Add lines 66 through 69 and enter the result. This is the sum of your total penalties, interest and contributions.
71 If you have tax due (amount on line 64), add lines 64 and 70 OR, if you have a tax overpayment (amount on line 65) and it is less than line 70, subtract line 65 from line 70. Enter the result here. If married filing separately and there are amounts on lines 64 and 65, please see instructions on page 11. This is the amount you owe.
Why not e-pay? See your options at revenue.mt.gov. If writing a check, make it payable to MONTANA DEPARTMENT OF REVENUE.
72 If you have a tax overpayment (amount on line 65) and it is greater than line 70, subtract line 70 from line 65 and enter the result here. This is your overpayment.
73 Enter the amount from line 72 that you want applied to your 2012 estimated taxes.
74 Subtract line 73 from line 72 and enter the result here. This is your refund.

Table with 4 columns: Line number, Column A, Column B, and a final column. Rows 70-74.

For Direct Deposit of your refund, complete 1, 2, 3, and 4 (please see instructions on page 12).

- 1. RTN#
2. ACCT#
3. If using direct deposit, you are required to mark one box. Checking Savings
4. Is this refund going to an account that is located outside of the United States or its territories? Yes No

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature and information section including: Your Signature is Required, Date, Daytime Telephone Number, Spouse's Signature, Date, Paid Preparer's Signature, PTIN/SSN, Firm's FEIN, Third Party Designee, and a checkbox for 'Mark this box if you do not want forms and instructions mailed to you next year.'



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Schedule I - Montana Additions to Federal Adjusted Gross Income

Enter your additions to federal adjusted gross income on the corresponding line.

File Schedule I with your Montana Form 2.

		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1	Interest and mutual fund dividends from state, county, or municipal bonds from other states. ▶	00	00
2	Dividends not included in federal adjusted gross income. ▶	00	00
3	Taxable federal refunds. Complete Worksheet II on page 44. ▶	00	00
4	Other recoveries of amounts deducted in earlier years that reduced Montana taxable income. Complete Worksheet IX (available at <i>revenue.mt.gov</i>). ▶	00	00
5	Addition to federal taxable social security benefits. Complete Worksheet VIII on page 48. ▶	00	00
6	Sole proprietor's allocation of compensation to spouse. ▶	00	00
7	Medical care savings account nonqualified withdrawals. ▶	00	00
8	First-time home buyer savings account nonqualified withdrawals. ▶	00	00
9	Farm and ranch risk management account taxable distributions. ▶	00	00
10	Addition for dependent care assistance credit adjustment. ▶	00	00
11	Addition for smaller federal estate and trust taxable distributions. ▶	00	00
12	Federal net operating loss carryover reported on Form 2, line 21. ▶	00	00
13	Share of federal income taxes paid by your S corporation. ▶	00	00
14	Title plant depreciation and amortization. ▶	00	00
15	Premiums for Insure Montana small business health insurance credit. ▶	00	00
16	Other additions. Specify: ▶ <input type="text"/>	00	00
17	Add lines 1 through 16. Enter total here and on Form 2, line 39. ▶	00	00
	This is your total Montana additions to federal adjusted gross income. ▶		

2011 Montana Individual Income Tax Table

If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax	If Your Taxable Income Is More Than	But Not More Than	Multiply Your Taxable Income By	And Subtract	This Is Your Tax
\$0	\$2,700	1% (0.010)	\$0		\$9,700	\$12,500	5% (0.050)	\$243	
\$2,700	\$4,700	2% (0.020)	\$27		\$12,500	\$16,000	6% (0.060)	\$368	
\$4,700	\$7,200	3% (0.030)	\$74		More Than \$16,000		6.9% (0.069)	\$512	
\$7,200	\$9,700	4% (0.040)	\$146						

For Example: Taxable Income \$6,800 X 3% (0.030) = \$204 \$204 Minus \$74 = \$130 Tax



WHAT'S NEW FOR 2011?

Montana Due Dates Now Impacted by Federal Actions

The due date for filing a Montana income tax return will now be extended if it falls on a holiday that causes the federal filing date to be extended. For example, your Montana tax return will be due April 17, 2012 (April 15 is a Sunday, and April 16 is Emancipation Day, a holiday observed in the District of Columbia so the federal due date is extended). This is also true for any applicable payment dates. Additionally, taxpayers in federally declared disaster areas may benefit from extended due dates or the waiver of penalties and interest.

Rate Changed for Withholding on Lottery Winnings

If you have lottery winnings in excess of \$5,000, please note that the withholding rate has been reduced from 10% to 6.9%. This change was effective as of July 1, 2011.

Montana Energy Credits Not Affected by Federal Changes

The recent expansion of the federal tax credits for consumer energy efficiency expired on December 31, 2010. While Montana's energy-related tax credits are similar to the federal credits in many ways, they are not affected by the federal expiration. The types of investments that qualify for Montana and the amount of credit remain the same for 2011. Please visit our website at revenue.mt.gov for more information on qualifying for Montana's energy tax credits.

Improved Forms and Instructions

As a result of feedback we have received from taxpayers and tax practitioners, we updated the following forms and instructions for 2011:

- **Form 2EC** (Elderly Homeowner/Renter Credit) – We expanded the instructions for the Elderly Homeowner/Renter Credit to provide more information about how to calculate this refundable credit. In addition, we consolidated the instructions this year so that the information is not split between the Form 2EC and Form 2 instruction booklet. You will find all the necessary information with the Form 2EC at the back of this booklet.
- **Worksheet II** (Tax Benefit Rule for Federal Income Tax Refund) – We included additional information in the instructions so that you can more readily determine if you need to complete the worksheet. We also revised the worksheet to more clearly explain how to calculate your taxable federal income tax refund for Montana purposes.
- **Schedule IV** (Non Resident/Part-Year Resident Tax) – We revised this schedule to better reflect the Montana tax liability for nonresidents and part-year residents.
- **Third Party Designee** – In order to continue to protect your personal information, we added a section for

a third party designee to the bottom of the form. It includes a box to check to allow you to designate your spouse, if applicable, and another person to talk to us about your tax return. Please see FAQ 5 on page 39 for more information.

GETTING STARTED

These simple steps will help you complete and file your Montana tax return.

- Complete your federal tax return.
- Determine if you are a Montana resident, nonresident, or part-year resident. See FAQ 9 on page 38.
- If you are a nonresident, complete the tax return for your state of residency if required.
- Determine which Montana tax return form is right for you. See FAQ 2 on page 38.
- Decide if you will file electronically or use a paper tax return. This booklet is designed to help you file by either method.
- If you file a paper return, remember to sign it.
- File your Montana tax return (include your payment, if taxes are due) by April 17, 2012. See FAQ 11 on page 40 for information about receiving an extension.
- When finished, please accept our thanks for a job well done!

STEP 1. PERSONAL INFORMATION

► Are you ready?

- Gather any updated personal information.
- Determine which filing status is best for you.

► Did you...?

- Use blue or black ink if you are filing on paper.
- Ensure that the correct social security number is entered and matches the number on your W-2(s).
- List your mailing address.
- Mark a filing status box.
- Mark the correct residency status.

This form is Montana's "long form," which has to be used by taxpayers who cannot file one of the shorter forms (2EZ or 2M). Residents, part-year residents, or nonresidents of Montana can file Montana Form 2. You can use Form 2 if: you are married filing separately with your spouse, you claim itemized deductions or the standard deduction, you claim a refundable or nonrefundable Montana tax credit, you made estimated tax payments, or you are applying your 2010 refund to your 2011 income tax liability.

Part-Year Resident and Nonresident

If you are a part-year resident or a nonresident, you will complete lines 7 through 48 as if you were a resident using the instructions for Montana Form 2. After you have completed your return through line 48, you will then

5 What does the checkbox that asks “Do you want to allow your spouse, if applicable, and another person to discuss this return with us?” mean?

If you mark the “Yes” box, we can discuss any concerns that we might have with your 2011 tax return—for example, a missing W-2—with a third party designee (and your spouse if you are married filing separately on the same form). If you mark the “No” box or do not mark a box, 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 you and your spouse are filing separately on the same form, and the “Yes” box is marked, each of you is authorizing us to call either spouse and the third party designee, if applicable, to answer any questions that arise while we are processing your 2011 tax return. If you are filing a joint return, you are automatically authorizing us to discuss the joint return with either spouse, but you will still need to complete the third party designee section if you wish to allow another person, such as a tax preparer, to discuss your return.

By marking “Yes,” you are also authorizing us to:

- Request that the third party designee give us any information that is missing from your return.
- Respond to the third party designee’s call to us for information about the processing of your return or the status of your refund or 2011 payment(s).
- Discuss certain notices from us about math errors, offsets and return preparation. Note: The department will only send notices directly to you, not to the third party designee.

You are not authorizing the third party designee 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 filing your next year’s (2012) tax return. This is April 15, 2013, for most people.

If you want to expand or change the third party designee’s authorization (for example, to verify any estimated payments you’ll be making in the future), you can use Form POA, Power of Attorney, Authorization to Disclose Tax Information. Form POA is available on our website at revenue.mt.gov. You also can grant your third party designee access to your tax account information through Taxpayer Access Point (TAP) at <https://tap.dor.mt.gov>.

6 If I choose to file a paper return, where do I mail it?

We have two different mailing addresses for your paper return, if you choose not to file electronically. We do this so that if you are asking for a refund, we can get your refund processed and to you more quickly and efficiently.

If you are filing a tax return that includes no payment or if you are due a refund, please mail your tax return to:



Montana Department of Revenue
PO Box 6577
Helena, MT 59604-6577

If you are filing a tax return that includes a payment, please mail your tax return and check to:



Montana Department of Revenue
PO Box 6308
Helena, MT 59604-6308

7 What options do I have to file my Montana tax return electronically?

- File your Montana tax form FREE through our website. For more information, please visit revenue.mt.gov. Please note that this service only applies to your Montana tax return; you may still have to file a federal tax return.
- File both your Montana and federal tax returns through the “federal/state electronic online filing program,” which is a cooperative effort between the Internal Revenue Service (IRS) and state tax revenue agencies (this option may be free or low-cost). Additional information can be found at www.irs.gov or on our website at revenue.mt.gov. This option allows you to electronically file your federal and state tax returns at the same time.
- File through a tax professional who is an Authorized IRS E-file Provider.
- File by using software that you download which helps you to prepare and electronically file your federal and state tax returns at the same time. A listing of approved e-file vendors can be found on our website at revenue.mt.gov.
- File by using one of the free electronic filing options listed on MontanaFreeFile.org. Some options have eligibility requirements.



Please see the following chart to find out which e-filing methods are available to you as a first-time filer, full-year resident, part-year resident or nonresident.