



# 2006 Montana S. Corporation Information and Composite Tax Return

# S

MONTANA  
CLT-4S  
Rev. 5-06

Attach a copy of federal Form 1120S and Schedule K-1(s)

For calendar year 2006 or tax year beginning (MM-DD) \_\_\_ - \_\_\_ - 06 and ending (MM-DD-YY) \_\_\_ - \_\_\_ - \_\_\_

Name		Check box if this is a change of address. <input type="checkbox"/>	FEIN: _____
Address			Federal Business Code: _____
City	State	Zip + 4	Incorporated in State of: _____
			Date: _____
			Date Qualified in Montana: _____

- Check here, if you do not need the Montana S. Corporation Information Return and Instructions sent to you next year.
- Check here, if you are filing Schedule V, Backup Withholding Payments with this return.
- Check here, if you are requesting a refund with this return.

- Check if this an initial return
- Check if this is a final return
  - Reason for final return
  - a. Withdrawn a.
  - b. Dissolved b.
  - c. Merged c.
  - d. Reorganized d.
- Check here if this is an amended return
  - If you check the box above, check all that apply below:
  - a. Federal Revenue Agent Report (a complete copy of this report is required) a.
  - b. Apportionment factor changes (attach a statement explaining adjustments) b.
  - c. Amended federal return c.
  - d. Amended composite return d.
  - e. Other (attach a statement explaining all adjustments in detail) e.

## Shareholders' Shares of Income (Loss) (Form 1120S, Schedule K)

### Shareholders' Pro Rata Share Items

1. Ordinary business income (loss).....	1.	
2. Net rental real estate income (loss) (attach federal Form 8825).....	2.	
3. a. Other gross rental income (loss).....	3a.	
b. Expenses from other rental activities (attach schedule).....	3b.	
c. Subtract line 3b from line 3a. <b>This is your other net rental income or loss.</b> .....	3c.	
4. Interest income.....	4.	
5. Ordinary dividends.....	5.	
6. Royalties.....	6.	
7. Net short-term capital gain (loss) (attach federal Schedule D, Form 1120S).....	7.	
8. Net long-term capital gain (loss) (attach federal Schedule D, Form 1120S).....	8.	
9. Net section 1231 gain (loss) (attach federal Form 4797).....	9.	
10. Other income (loss).....	10.	
11. Add lines 1 through 10 and enter result. <b>This is your total share of income or loss.</b> .....	11.	

## Shareholders' Shares of Deduction (Form 1120S, Schedule K)

12. Section 179 deduction (attach federal Form 4562).....	12.	
13. a. Contributions.....	13a.	
b. Investment interest expense.....	13b.	
c. Section 59(e)(2) expenditures Type _____ Amount →	13c.	
d. Other deductions (attach schedule).....	13d.	
14. Add lines 12 through 13d and enter result. <b>This is your total share of deductions.</b> .....	14.	

## Shareholders' Distributive Shares of Montana Additions and Exclusions to Income

15. a. Interest and dividends not taxable under the Internal Revenue Code (non-Montana).....	15a.	
b. Taxes based on income or profits.....	15b.	
c. Other additions (attach detailed breakdown).....	15c.	
Add lines 15a, 15b, and 15c and enter result. <b>This is your total Montana additions to income.</b> .....	15.	

16. a. Interest on U.S. Government obligations (attach schedule).....	16a.	
b. Deduction for purchasing recycled material (attach Form RCYL).....	16b.	
c. Other deductions (attach detailed breakdown).....	16c.	
Add lines 16a, 16b, and 16c and enter result. <b>This is your total Montana deductions to income.</b> .....	16.	

17. Subtract line 14 from line 11. Add the result to line 15, then subtract line 16 from that result. .... 17.

## Shareholders' Distributive Shares of Multi-state Apportionment and Allocation

18. Multi-state taxpayers: Enter line 17 X _____ % from Montana Schedule I, line 5. ....	18.	
19. Multi-state taxpayers should enter here their income or loss that they allocate directly to Montana.....	19.	

**Calculation of Net Amount Due**

**S. Corporation Information Return Late Filing Penalty**

20. S. corporation information return late filing penalty (see instructions) ..... 20.

**S. Corporation Composite Return Tax**

21. Enter your Montana total composite tax from Schedule IV, column J ..... 21.

**Return Payments**

22. a. 2005 overpayment applied to 2006 ..... 22a.   
 b. 2006 estimated payments ..... 22b.   
 c. 2006 extension payment ..... 22c.   
 d. Other payments ..... 22d.   
 e. Previously issued refunds (amended returns only - see instructions) ..... 22e. (  )  
 f. Add lines 22a through 22e and enter the result here. **This is the total of your return payments.** ... 22f.   
 23. Subtract line 22f from line 21 and enter the result here ..... 23.

**This is your Montana composite tax due or overpaid.**

**Composite Return Penalties and Interest Calculation**

24. Interest on underpayment of estimated taxes ..... 24.   
 25. Composite income tax return late filing penalty ..... 25.   
 26. Composite income tax return late payment penalty ..... 26.   
 27. Interest (see instructions) ..... 27.   
 28. Add lines 24 through 27 and enter the result here ..... 28.

**This is your Montana composite penalties and interest.**

**Refund or Amount Owed**

29. Add lines 20, 23 and 28 and enter the result here ..... 29.   
 30. If the amount on line 29 is greater than zero, enter it here. **This is your return(s) amount due.** ..... 30.   
 31. If the amount on line 29 is less than zero, enter it here. **This is your return(s) overpayment.** ..... 31. (  )  
 32. Enter the amount on line 31 you want applied to your 2007 composite estimated tax ..... 32.   
 33. Add lines 31 and 32 and enter the result here. **This is your refund.** ..... 33. (  )

**S. Corporation Backup Withholding Payment from Schedule V**

34. Enter your Montana individual income tax withheld from Schedule V, column E. 34.   
 35. Payments previously made for tax withheld ..... 35.   
 36. Subtract line 35 from line 34. **This is your total S. corporation backup withholding due.** ..... 36.   
 37. If the amount on line 30 is greater than zero, add lines 30 and 36. **This is your total due.** ..... 37.

This return has to be signed by one of the following: president, vice president, treasurer, assistant treasurer, or chief accounting officer.

**Declaration**

I, the undersigned officer of the corporation for which this return is made, hereby declare that this return, including all accompanying schedules and statements, is to the best of my knowledge and belief a true, correct and complete return, made in good faith for the income period stated, pursuant to the Montana statutes and regulations.

Signature of officer		Date
Print name	Title	Telephone number, ext.
Name of person or firm preparing return		Date
Preparer's identification number		Telephone number

Check here to authorize the Montana Department of Revenue to discuss your return with the individual/preparer listed above.

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Reporting of Special Transactions**

<p>You will need to attach to your Montana return a complete copy of the applicable form if you checked "yes" for any of the following.</p>	
<p><b>1. I filed federal Form 8264 – Application for Registration of a Tax Shelter with the Internal Revenue Service.</b> Form 8264 is required to be filed to register a tax shelter.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>2. I filed federal Form 8271 – Investor Reporting of Tax Shelter Registration Number with the Internal Revenue Service.</b> Form 8271 is used to report the tax shelter registration number that the Internal Revenue Service assigns to certain tax shelters required to be registered under 26 USC 6111 and to report the name and identifying number of the tax shelter.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>3. I filed federal Form 8824 – Like-Kind Exchanges with the Internal Revenue Service.</b> <b>Check "yes" if your like-kind exchange includes Montana property.</b> Form 8824 is used to report each exchange of business or investment property for property of a like-kind.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>4. I filed federal Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships with the Internal Revenue Service.</b> Form 8865 is used to report the information required under 26 USC 6038 (reporting with respect to controlled foreign partnerships), section 6038B (reporting of transfers to foreign partnerships), or section 6046A (reporting of acquisitions, dispositions, and changes in foreign partnership interest).</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>5. I filed federal Form 8886 – Reportable Transaction Disclosure Statement with the Internal Revenue Service.</b> Form 8886 is used to disclose information for each reportable transaction in which you participated.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>6. I filed federal Form 13657 - Notice of Election by Corporation to Participate in Announcement 2005-19 Settlement Initiative with the Internal Revenue Service.</b> Form 13657 is an election to participate in the settlement initiative as described in Announcement 2005-19 and as contained in Internal Revenue Bulletin 2005-11 dated March 14, 2005.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>7. I filed federal Form 13750 – Election to Participate in Announcement 2005-80 Settlement Initiative with the Internal Revenue Service.</b> Form 13750 is an election to participate in the settlement initiative as described in Announcement 2005-80 and as contained in Internal Revenue Bulletin 2005-46 dated November 14, 2005.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

**Complete this section if you made a disbursement to a related party**

<p><b>8. During this tax year I have made payments to related parties (excluding salary compensation) that exceed \$100,000 per recipient.</b> If your answer is "yes" to this question, please provide the name and federal employer identification number of each related party below and the amount that you paid to each related party:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>												
<table> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">FEIN</th> <th style="text-align: left;">Amount of Payment</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>	Name	FEIN	Amount of Payment	_____	_____	_____	_____	_____	_____	_____	_____	_____	
Name	FEIN	Amount of Payment											
_____	_____	_____											
_____	_____	_____											
_____	_____	_____											

**Schedule I**

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Apportionment Factors for Multi-state S. Corporations**

Enter amounts in columns A and B. Enter percentages in column C.

A. Everywhere	B. Montana	C. Factor
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**1. Property Factor:** Use average value for real and tangible personal property

a. Land .....		
b. Buildings .....		
c. Machinery .....		
d. Equipment .....		
e. Furniture and fixtures .....		
f. Leased property .....		
g. Inventories .....		
h. Supplies and other .....		
i. Property of foreign subsidiaries included in combined unitary group .....		
j. Property of unconsolidated subsidiaries included in combined unitary group .....		
k. Property of pass-through entities included in combined unitary group .....		
l. Multiply amount of rents by 8 and enter result .....		
<b>Total Property Value</b> add lines 1a through 1l .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100.

**This is your property factor** ..... %

**2. Payroll Factor:**

a. Compensation of officers .....		
b. Salaries and wages .....		
Payroll included in:		
c. Costs of goods sold .....		
d. Repairs .....		
e. Other deductions .....		
f. Payroll of foreign subsidiaries included in combined unitary group .....		
g. Payroll of unconsolidated subsidiaries included in combined unitary group .....		
h. Payroll of pass-through entities included in combined unitary group .....		
<b>Total Payroll Value</b> add lines 2a through 2h .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100

**This is your payroll factor** ..... %

**3. Sales (Gross Receipts) Factor:**

a. Gross sales, less returns and allowances		
b. Sales delivered or shipped to Montana purchasers:		
Shipped from outside Montana .....		
Shipped from within Montana .....		
c. Sales shipped from Montana to:		
United States Government .....		
Purchasers in a state where the taxpayer is not taxable .....		
d. Sales other than sales of tangible personal property (i.e. service income)		
Less: Intercompany sales .....	( )	( )
e. Net gains reported on federal Schedule D and federal Form 4797 .....		
f. Other gross receipts (rents, royalties, interest, etc) .....		
g. Sales (receipts) of foreign subsidiaries included in combined unitary group .....		
h. Sales (receipts) of unconsolidated subsidiaries included in combined unitary group .....		
i. Sales (receipts) of pass-through entities included in combined unitary group .....		
j. Less: Other intercompany transactions .....	( )	( )
<b>Total Sales Value</b> add lines 3a through 3j .....		

Take the total in column B and divide it by the total in column A. Multiply the result by 100.

**This is your sales factor.** ..... %

**4. Add the percentages on lines 1, 2, and 3 in column C. This is the sum of your factors.** ..... %

**5. Divide the total percentage on line 4, column C, by the number of factors that can be included in the calculation. If there is a value in column A for a factor category (Property, Payroll, or Sales) you should include this factor as part of the calculation (see instructions). Enter the results here and also insert on line 18, page 1 of Form CLT-4S. This is your apportionment factor.** ..... %

**Schedule II**

Entity Name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Montana S. Corporation Tax Credits**

Type of Credit	Amount of Credit	
1. Montana Dependent Care Assistance Credit ..... attach Form DCAC		
2. Montana College Contribution Credit ..... attach Form CC		
3. Health Insurance for Uninsured Montanans Credit ..... attach Form HI		
4. Montana Recycle Credit ..... attach Form RCYL		
5. Alternative Energy Production Credit ..... attach Form AEPC		
6. Contractor's Gross Receipts Tax Credit ..... attach supporting schedule		
7. Alternative Fuel Credit ..... attach Form AF CR		
8. Infrastructure Users Fee Credit		
9. Qualified Endowment Credit ..... attach Form QEC		
9a. Qualified Endowment Credit Recapture	(	)
10. Historical Buildings Preservation Credit ..... attach federal Form 3468		
11. Increase Research and Development Activities Credit ..... attach Form RSCH		
12. Mineral Exploration Incentive Credit ..... attach Form MINE-CRED		
13. Developmental Disability Account Contribution Credit		
14. Empowerment Zone Credit		
15. Film Production Credit ..... attach Form FPC		
16. Biodiesel Blending and Storage Credit ..... attach Form BBSC		
17. Oilseed Crushing and Biodiesel Production Credit ..... attach Form OSC		
<b>NEW</b> 18. Geothermal System Credit ..... attach Form ENRG-A		
<b>NEW</b> 19. Insure Montana Credit		
Add lines 1 through 19 and enter result. <b>This is the amount of your total credits.</b>		

Any credit allowed to an S. corporation has to be attributable to its shareholders using the same proportion that is used when it reported that S. corporation's income or loss for Montana income tax purposes. Please provide a detailed breakdown that shows each shareholder's share of the credit.

In order to receive these credits, all shareholders will have to attach their applicable credit forms to their individual income or corporation license tax returns.



**Schedule IV**

Entity name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Montana S. Corporation Composite Income Tax Schedule**

**Eligible Participating Shareholders:** An eligible participant is a shareholder who is a nonresident individual or a pass-through entity whose only Montana source income for the tax year is from this entity and from other pass-through entities who have elected to file a composite return and pay a composite tax on behalf of the eligible participating shareholder. The entity must retain an executed power of attorney signed by the eligible participating shareholder, authorizing the S. corporation to file a composite return and act on the shareholder's behalf.

Enter below in columns A through J the required information and amounts for each eligible participating shareholder.

A	B	C	D	E	F	G	H	I	J
Name	Social Security Number or Federal Employer Identification Number	Federal income from entity	Standard deduction	Exemption \$1,980	Calculate Montana taxable income. Subtract column D from column C then subtract column E from the result.	Enter the appropriate tax from the tax table below.	Montana source income	Ratio. Divide column H by column C and enter result.	Montana composite income tax. Multiply column G times column I and enter result.
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
13.									
14.									
Column J Total									

Use additional sheets if necessary or you may create your own schedule if you use the exact same format used here.

Transfer the total from column J to CLT-4S, page 2, line 21.

If your Taxable Income is Over	but not Over	Multiply your Taxable Income by	and Subtract	equals your Tax
\$ 0	\$ 2,400	0.010	\$ 0	
\$ 2,400	\$ 4,300	0.020	\$ 24	
\$ 4,300	\$ 6,500	0.030	\$ 67	
\$ 6,500	\$ 8,800	0.040	\$ 132	
If your Taxable Income is Over	but not Over	Multiply your Taxable Income by	and Subtract	equals your Tax
\$ 8,800	\$ 11,300	0.050	\$ 220	
\$ 11,300	\$ 14,500	0.060	\$ 333	
\$ 14,500	or more	0.069	\$ 464	

**Schedule V**

Entity name \_\_\_\_\_ Tax period ending \_\_\_\_\_ FEIN \_\_\_\_\_

**Pass-Through Entity Backup Withholding Schedule**

Enter the appropriate information below.

Total number of shareholders subject to Schedule V \_\_\_\_\_

Nonresident individual and second-tier pass-through entity	Identification number		Income and backup withholding		
	A	B	C	D	E
Name and address	Social Security Number	Federal Employer Identification Number	Montana source income reported on Form PT-WH, line 1	Montana individual tax withheld	Multiply column D by 6.9% and enter result.
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Add amounts in column E and enter the result here (transfer to Form CLT-4S, page 2, line 34).  
**This is your total backup withholding.**

\_\_\_\_\_

Use additional sheets if necessary or you can create your own schedule if you use the exact format used here.





Montana Department of  
**REVENUE**

**MONTANA**  
PT-WH  
Rev. 9-05

## 2005 Montana Income Tax Withheld for a Nonresident Individual, Foreign C. Corporation, or Second-Tier Pass-Through Entity

<b>Owner Information</b>	<b>Entity Information</b> Enter the information below as it appears on your most recent return filed with the Internal Revenue Service.
Name	Name
Street or Other Mailing Address	Street or Other Mailing Address
City                      State                      Zip Code	City                      State                      Zip Code
Social Security Number or Federal Employer ID Number	Federal Employer ID Number
1. Owner's Montana source income reflected on the pass-through entity's information return. .... \$ _____	<b>Check the box that describes the type of return that you filed.</b> <input type="checkbox"/> S. Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Disregarded Entity  Enter the beginning and ending dates of your taxable year. Tax year beginning (mm/dd)___/___/05, and ending (mm/dd/yy)___/___/___
2. Enter the amount of Montana tax withheld. If the owner is a nonresident individual or a second-tier pass-through entity, multiply line 1 by 6.9%. If the owner is a foreign C. corporation, multiply line 1 by 6.75%. .... \$ _____	

**This form is to be completed when the owner does not participate in submitting a composite return and does not submit a signed Montana Form PT-AGR or PT-STM.**

### Owner or Partner Instructions

#### What does a nonresident individual need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment against your Montana individual income tax liability. When you complete your Montana Individual Income Tax Return, Form 2, you should claim the amount in box 2 above as an estimated payment on line 59 of your 2005 Montana Form 2. Form PT-WH has to be attached to your Montana Form 2 when you claim this estimated payment.

#### What does a foreign C. corporation need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment against your Montana corporation license tax liability. When you complete your Montana Corporation License Tax Return, Form CLT-4, you should claim the amount in box 2 above as an estimated payment on line 11(b) for your 2005 Montana Form CLT-4. You will have to attach your Form PT-WH to your Montana Form CLT-4 when you claim this estimated payment.

#### What does a second-tier pass-through entity need to do with this form?

We consider the amount of Montana income tax that is withheld as an estimated payment on the account of the individual, estate, trust or C. corporation in which the Montana source income of the first-tier pass-through entity's income is directly or indirectly passed through. The amount withheld can be claimed as an estimated tax payment on the Montana return filed by the owners of the second-tier pass-through entity. This amount has to be allocated to the owners based on the owners' share of income or loss from the second-tier pass-through entity.

### Entity Instructions

#### What is the purpose of Form PT-WH?

A pass-through entity that has a nonresident individual, foreign C. corporation, or second-tier pass through entity owner at any time during the tax year has to remit amounts to the Department of Revenue on behalf of the owner as provided in 15-30-1113, Montana Code Annotated, if (1) the entity does not have a valid, currently effective tax agreement or statement from the owner and (2) the owner does not participate in filing a composite return with the entity.

#### How much should the pass-through entity withhold?

For a nonresident individual and a second-tier pass-through entity, the amount withheld is 6.9% of the Montana source income as reflected on your Montana information return. For a foreign C. corporation, the amount withheld is 6.75% of the Montana source income as reflected on your Montana information return.

#### Where does a pass-through entity report the amount that was withheld?

Transfer the amounts that you reported on lines 1 and 2 above to Form CLT-4S or PR-1, Schedule V. Send Form PT-WH to your owners. We do not require you to submit Form PT-WH to us with your information return.