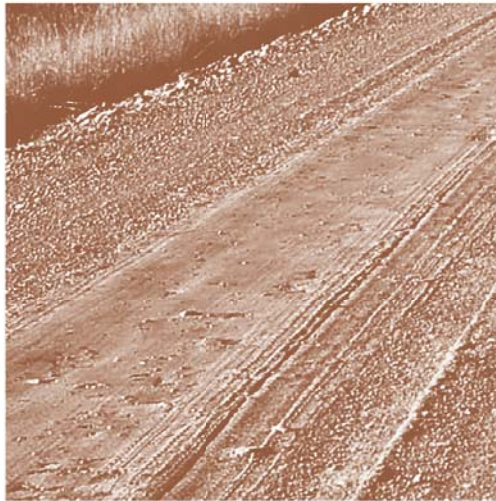


2011 Montana Form 2EZ

Individual Income Tax Forms and Instructions

MONTANA DEPARTMENT OF REVENUE



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

Go paperless. Go green.
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.

Filing deadline is April 17, 2012.

Dear Montana Taxpayers:

Thank you for filing your individual income tax returns—you do a great job! By working together, you help make Montana a great place to live, work and raise a family.

Your Montana Department of Revenue is committed to providing the best possible tax services to the citizens of our great state. That means providing you with helpful ways to file and pay your individual income taxes.

You can electronically file Form 2EZ for free through our website at *revenue.mt.gov*. Our Taxpayer Access Point (TAP) service provides you many options, including methods to file, pay and look up your Montana tax account information online that are simple, secure and convenient. Other e-file options include using software that you purchase, using approved e-file software online, or visiting a tax professional who is an *Authorized IRS E-file Provider*. In addition, you'll find no-cost options for tax filing and tax assistance at *MontanaFreeFile.org* as well as *irs.gov*. You also can file traditionally with the paper form.

We strongly encourage you to use electronic options to file your return and to pay your tax due or receive your refund. Electronic options are simple, secure, and convenient.

As always, we promise to do the best that we can to provide you with the most accurate and timely assistance to help you file your tax returns. We work hard to ensure that all citizens and businesses pay their fair share of Montana taxes—no more and no less. Together, we're making our tax system work for all Montanans!

Best regards,

Dan Bucks, Director
Montana Department of Revenue

Your Tax Dollars at Work

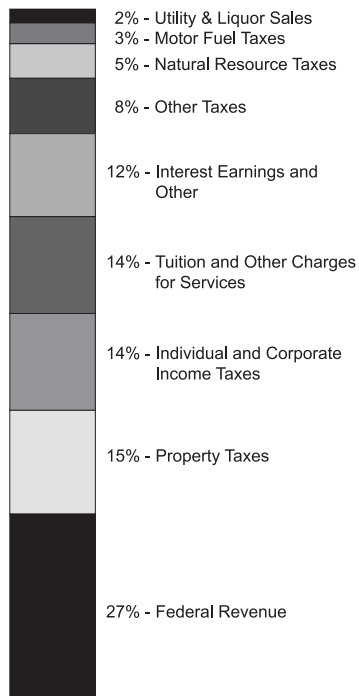
The table to the right shows where your individual and corporate income tax dollars (about 14% of total state and local revenues) were spent in 2009. For the charts below, the left chart shows the sources of revenue for both state and local governments in Montana for 2008, the most recent year for which totals are compiled. The right chart shows state and local spending.

Where Your Income Tax Dollar Goes

Education	50%
Health and Human Services	20%
Public Safety and Corrections	13%
Transfers to Local Governments	5%
General Government Operations	8%
Other	4%
Total Spending	100%

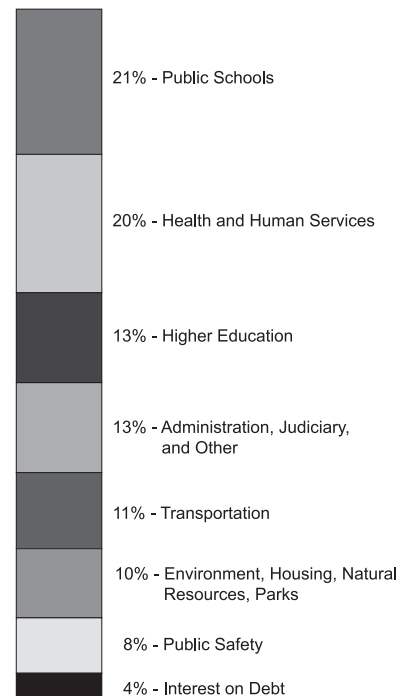
What are Montana's Public Revenues?

Total Montana State and Local Revenue, Fiscal Year Ending 2008



Where Do Your Public Dollars Go?

Total State and Local Spending in Montana, Fiscal Year Ending 2008



Go paperless. Go green.

There are more paperless options than ever before for you to file and pay your Montana taxes. And many of them are free. Whether you want to file on your own or through your favorite preparer, there are options to fit your needs.



File Electronically

- E-file through revenue.mt.gov by using one of the following methods:
 - **Taxpayer Access Point (TAP)**—Free. After you sign up, you can access your Montana tax information, file your tax return, pay your tax and much more. Taxpayer Access Point is only available if you have filed previously in Montana.
 - **MT Direct File**—Free. You can file your Montana individual income tax return without signing up for account access.
- E-file through the cooperative federal/state program using one of the following methods:
 - **Authorized Tax Preparers**—May be a fee. Your preparer can electronically file your federal and state tax returns at the same time.
 - **Retail or Online Software**—May be a fee. You can use retail or online software to prepare and file your returns on your own. Visit revenue.mt.gov for a list of Montana approved software vendors, or visit irs.gov for filing options.
- **Montana Free File**—Free. This organization helps individual filers with free filing options. Visit montanafreefile.org for details.

Did you know?

- Direct deposit is available when you e-file, and most filers get their refunds within 5-7 business days.
- More than 70% of Montana individual income taxpayers file their taxes electronically.



Pay Electronically

- **Taxpayer Access Point (TAP)**—May be a fee. After you sign up, you can access your Montana tax information, file your tax return, pay your tax and much more. Taxpayer Access Point is only available if you have filed previously in Montana. Credit card charges may apply.
- **Income Tax Express**—May be a fee. You can pay current and past Montana individual income taxes and estimated taxes. Credit card charges may apply.
- **Electronic Funds Withdrawal**—Free. You can choose this option when your preparer files your return through the cooperative federal/state program.

Electronic Options at a Glance	MT Direct File ⁽¹⁾	Taxpayer Access Point ⁽¹⁾	E-file with tax preparer or online/retail software	Direct deposit refunds	Pay electronically ⁽³⁾
Filing Status - Individual Income Tax					
First-time filer	Yes	No	Yes	Yes	Yes
Full-year resident	Yes	Yes	Yes	Yes	Yes
Part-year resident	Yes	Yes ⁽²⁾	Yes	Yes	Yes
Nonresident	Yes	Yes ⁽²⁾	Yes	Yes	Yes
Form Type					
2EC - Elderly homeowner/renter credit	Yes	Yes	Yes	Yes	NA
2 - Individual long form	Yes	Yes	Yes	Yes	Yes
2M - Individual intermediate form	Yes	Yes	Yes	Yes	Yes
2EZ - Individual short form	Yes	Yes	Yes	Yes	Yes

- (1) This is a free service exclusively for Montana returns.
 (2) Taxpayer Access Point is only available if you have filed previously in Montana.
 (3) Please visit revenue.mt.gov for more information on electronic payment options.

Steps to Completing Your Return

Step 1	Personal Information	1
Step 2	Income	2
Step 3	Tax Liability	2
Step 4	Tax, Payments and Refund	3
Step 5	Direct Deposit Information	4
Step 6	Sign, Assemble and File Your Return	5
FAQs	Frequently Asked Questions	6

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.

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 another person to talk to us about your tax return. Please see FAQ [5](#) on page 8 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 Montana Form 2EZ is right for you. See FAQ [2](#) on page 7.

- 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 9 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.

► 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.

Heading

Print your name, mailing address and social security number in the spaces provided. If you are married, enter your spouse's name and social security number.

If either the primary taxpayer or the spouse died during the tax year, enter the date of death in the field next to his or her name. Please include a copy of the federal Form 1310 unless filing status 2 (married filing jointly) is used on this return.

Filing Status - (Mark only one box)**Box 1 – Single**

You can claim this filing status if on December 31, 2011, you:

- were single,
- were legally separated according to your state law under a decree of divorce or separate maintenance, or
- were widowed before January 1, 2011 and you did not remarry in 2011.

If you are married, you cannot file separate Form 2EZ returns. You will have to file a joint tax return with your spouse on Form 2M or 2EZ or file separately using Form 2.

Box 2 – Married Filing Jointly

You can claim this filing status if:

- you were married as of December 31, 2011, even if you did not live with your spouse at the end of 2011, or
- your spouse died in 2011 and you did not remarry in 2011, or
- you were married as of December 31, 2011 and your spouse died in 2012 before filing a 2011 tax return.

You and your spouse can file a joint tax return even though one of you has no income or deductions, but please note that both spouses have to sign the tax return.

Electronic Filers: Please be sure to save the tax information that you have entered.

**STEP 2. INCOME (LINES 3-10)****► Are you ready?**

- Fill out your 2011 federal tax return.

► Did you...?

- Enter the amount of exempt unemployment income on line 7 if you report unemployment income on line 5.

Lines 3 through 5

On lines 3 through 5, enter the amounts that you reported for these items on your federal individual income tax return, Form 1040, 1040A or 1040EZ.

Line 6 – Calculate Your Federal Income

Add lines 3 through 5 and enter the result here. This is your federal adjusted gross income that should match your federal tax return.

Line 7 – Exempt Unemployment Compensation

If you have received unemployment benefits from Montana or from another state, these benefits are exempt from Montana tax. Enter the same amount that you put on line 5 above.

Line 8 – Exemption for Certain Taxed Tips and Gratuities

You can subtract any tips and gratuities that you received from customers while you worked in the food, beverage or lodging industry. These tips and gratuities are included in the amount on line 3 above. All other tips and gratuities that you received for providing services in other kinds of businesses—such as hair stylists, paper carriers and river guides—are not excluded.

Line 9 – Total Subtractions

Add lines 7 and 8; enter the result. This is your total subtractions.

Line 10 – Montana Adjusted Gross Income

Subtract line 9 from line 6 and enter the result on line 10. This is your Montana adjusted gross income.

Electronic Filers: Please be sure to save the tax information that you have entered.

**STEP 3. TAX LIABILITY (LINES 11-15)****► Are you ready?**

- Fill out the standard deduction worksheet on the back of Form 2EZ.

► Did you...?

- Subtract the amount indicated in column B of the tax table in these instructions after you multiply your income by the percentage in column A.

Line 11 – Standard Deduction

To calculate your standard deduction, complete the worksheet found on the back of Form 2EZ and enter the result.

Line 12 – Exemption Amount

If you marked box "1. Single" at the top of Form 2EZ, enter \$2,190. If you marked box "2. Married filing jointly," enter \$4,380.

Line 13 – Total Deductions and Exemptions

Add lines 11 and 12; enter the result. This is your total deductions and exemptions.

Line 14 – Montana Taxable Income

Subtract line 13 from line 10 and enter the result. Do not enter a number less than zero. This is your Montana taxable income.

Tax Computation**Line 15 – Total Tax Liability**

Use the following table and worksheet to calculate your tax. The tax table is also on the back of Form 2EZ.

2011 Montana Individual Income Tax Table				
If Your Taxable Income Is More Than	But Not More Than	A	B	This Is Your Tax
		Multiply Your Taxable Income By	And Subtract	
\$0	\$2,700	1% (0.010)	\$0	
\$2,700	\$4,700	2% (0.020)	\$27	
\$4,700	\$7,200	3% (0.030)	\$74	
\$7,200	\$9,700	4% (0.040)	\$146	
\$9,700	\$12,500	5% (0.050)	\$243	
\$12,500	\$16,000	6% (0.060)	\$368	
More Than \$16,000		6.9% (0.069)	\$512	

Worksheet

Taxable income from Form 2EZ, line 14..... 1 _____

Applicable tax rate from column A..... 2 _____

Multiply amount on line 1 by rate on line 2 3 _____

Amount from column B to be subtracted 4 _____

Tax Liability. Subtract the amount on line 4 from the amount on line 3. Enter the result here and on Form 2EZ, line 15..... 5 _____

Electronic Filers: Please be sure to save the tax information that you have entered.



STEP 4. TAX, PAYMENTS AND REFUND (LINES 16-21)

► **Are you ready?**

- Get your Form(s) W-2 and/or 1099 if they show any tax withheld.

► **Did you...?**

- Check your return to ensure you have no mathematical errors.
- Make sure that your refund or amount due is reported on the correct line.

Line 16 – Total Payments

Enter the amount of the Montana income tax withheld from your income. This amount is reported in Box 17 of your federal Form W-2, given to you by your employer. If you fill out this line, you have to include a copy of your Form W-2 with this return. If you are filing electronically, you do not need to send us your Form W-2. You only need to keep a copy in your records.

Montana mineral royalty tax withheld, or income tax withheld as a result of an ownership interest in a pass-through entity, cannot be reported on line 16. If you had this type of tax withheld, you cannot file Form 2EZ and should instead file Form 2.

Line 17 – Late File Penalty, Late Payment Penalty and Interest

• **Late File Penalty**

If you file your tax return after April 17, 2012—or October 15, 2012 with a valid extension—you will need to pay a late file penalty if tax on line 15 is greater than your withholding reported on line 16. You do not have to pay a late file penalty if you are filing your tax return late and you have a refund.

To calculate your late file penalty, subtract line 16 from line 15 and enter this amount or \$50, whichever amount is less.

• **Late Payment Penalty**

If you have not paid all of your income tax liability by April 17, 2012, you will need to pay a late payment penalty. Your late payment penalty is equal to 1.2% per month or part of a calendar month on the unpaid amount from April 17, 2012 until it is paid. For example, if you do not pay your tax due until May 10, 2012, your late payment penalty will be 2.4% (two parts of a month x 1.2%) of the unpaid tax. Please remember that an extension to file your tax return is not an extension to pay your tax.

To calculate your late payment penalty, subtract the amount on line 16 from line 15 and then multiply this amount by 1.2% per month or part of a calendar month that your payment is late. Your late payment penalty will never exceed 12% (10 months x 1.2%) of the unpaid tax.

• **Interest**

If you have not paid 100% of your income tax liability by April 17, 2012, you will have to pay 8% annual interest, computed daily, on the amount you still owe. Remember, an extension of time to file your return does not extend the due date for paying your income tax. Interest accrues from the original due date of your return.

To calculate your interest, subtract line 16 from line 15 and then multiply this amount by 0.02192% (0.0002192) times the number of days after April 17, 2012 that your tax is paid.

If you owe more than one of the items listed for line 17, enter each amount you owe on the following worksheet.

Type	Amount
Late file penalty	
Late payment penalty	
Interest	
Total	

Enter the total on Form 2EZ, line 17. (You may wish to keep this information as part of your records for future reference.)

Line 18 – Montana Voluntary Check-Off Contribution Programs

Montana law provides you with the opportunity to contribute, via your income tax return, to the following programs. You can contribute any amount to any of these four programs. Your contribution will increase the amount you owe or reduce the amount of your refund.



Line 18a – Nongame Wildlife Program

Your contributions to this program are used to ensure the well-being of Montana’s watchable wildlife species, such as eagles, herons, bluebirds, great horned owls, loons, chipmunks, pikas, flying squirrels and painted turtles.



Line 18b – Child Abuse Prevention Program

Your contributions to this program fund services and activities related to the prevention of child abuse and neglect.



Line 18c – Agriculture in Montana Schools Program

Your contributions to this program fund the development and presentation of educational programs. This program ensures Montana’s young people have a better understanding of agriculture in our state and how it relates to the rest of the world.



Line 18d – Montana Military Family Relief Fund

Your contributions to this program help provide funding for grants that aid Montana families in defraying the costs of food, housing, utilities, medical services and other expenses when a wage earner has been called to active military duty.

Amount You Owe or Your Refund

Line 20 – Amount You Owe

If line 19 is greater than line 16, enter the difference. This is the amount you owe.

You can pay the amount you owe by:

- Electronic funds withdrawal when e-filing your joint federal/state tax return.

- E-check or credit card—please visit our website at revenue.mt.gov for more information and instructions.
- Personal check, money order, or cashier’s check—please use the voucher that we have provided with this income tax booklet. Make your check payable to the Montana Department of Revenue. Please sign your check, and write your social security number and “Tax Year 2011” on the memo line.

If you cannot pay the entire amount that you owe with your tax return, we encourage you to file your tax return timely and pay as much as you can. By filing and paying as much as you can by April 17, 2012, you may not have to pay a late file penalty and you can reduce the amount of your late payment penalty and interest. If you need to establish a payment plan, please call us toll free at (866) 859-2254 (in Helena, 444-6900) as soon as possible to discuss payment options and make arrangements.

Line 21 – Your Refund

If line 16 is greater than line 19, enter the difference. This is your refund.

Electronic Filers: Please be sure to save the tax information that you have entered.



STEP 5. DIRECT DEPOSIT INFORMATION

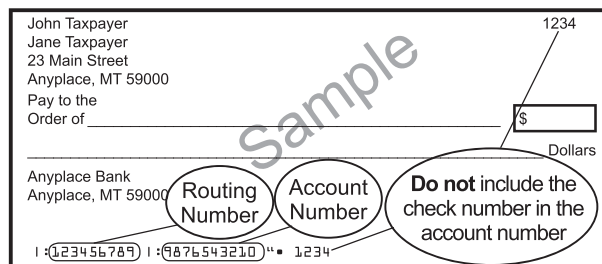
► Are You Ready?

- Get your routing and account number for your checking or savings account if you will be receiving a refund and would like the money to be direct deposited.

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.

A sample of a personal check is provided for your convenience.



STEP 6. SIGN, ASSEMBLE AND FILE YOUR RETURN

► Did you...?

- Get a confirmation that your Montana return was accepted, if you are filing electronically.
- Sign your tax return if you are filing on paper.
- Fill out the third party designee section if you want to allow someone else to discuss your return with us.

Sign Your Return

Your tax return is considered incomplete unless you sign it. If you are filing a joint return, your spouse must also sign. Incomplete returns cannot be processed and require us to contact you for additional information. If you have someone prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as a surviving spouse, see FAQ [20](#) on page 10.

Electronic Return Signatures

If you are filing your return electronically, you are not required to actually sign your return. The act of filing your return electronically signifies your declaration, under the penalty of false swearing, that:

- You are the taxpayer identified in the return; and
- The information in the return is true, correct, and complete.

Your filing electronically, with this declaration, is your signature.

Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return and if you are able to answer our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

Paid Preparer

Anyone you pay to prepare your return must sign it and include his or her Preparer Tax Identification Number (PTIN) in the space provided. Preparers should have a PTIN, but the preparer's Social Security Number (SSN) may be used when the paid preparer does not have a PTIN. The paid preparer must also include his or her firm's Federal Employer Identification Number (FEIN), if applicable. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return or include their PTIN or SSN.

Third Party Designee

If you want to allow your preparer, friend, family member, or any other person you choose to discuss your 2011 tax return with the department, mark the "Yes" box in the bottom of the signature block. You will also need to enter your designee's printed name and phone number. 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 with us.

If you do not complete the third party designee section according to these instructions, we cannot discuss your return with another person. By completing this section, you are authorizing the designee to:

- Give us any information that is missing from your return;
- Call us for information about the processing of your return or the status of your refund or payment(s); and
- Respond to notices from us about math errors, offsets and return preparation.

You are not authorizing the designee to discuss any other tax year, receive any refund check, bind you to anything or otherwise represent you before the Department. If you want to expand the designee's authorization, please view information about granting someone power of attorney at revenue.mt.gov.

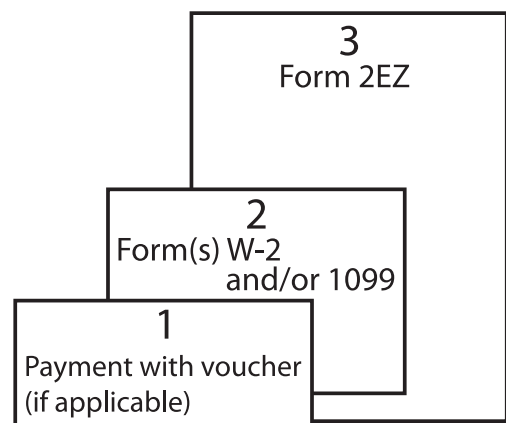
The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2012 return. This is April 15, 2013 for most people.

For additional information, please see FAQ [5](#) on page 8.

Assemble Your Return

Please include all Form(s) W-2 and 1099 you received with your return. If you forget to send your Form(s) W-2 or other withholding forms with your return, do not send them separately, or with another copy of your tax return. Wait until we request them from you.

If you are filing your return on paper, please assemble your return, without using staples, in the following order:



Please Do Not Use Staples

File Your Return

We encourage you to e-file your tax return. To see the e-filing options available to you, please see FAQ 7 on page 8. If you have chosen to file your return on paper, you will need to mail your return to us.

If your tax return does not include a payment or shows you are due a refund, please mail your tax return to the following address:



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

FAQS—FREQUENTLY ASKED QUESTIONS

Please find the answers to these questions identified by number on pages 7-11.

Filing Requirements

- 1 Do I have to file a Montana individual income tax return?
- 2 I have to file a Montana individual income tax return. Which form is appropriate for me and my situation?
- 3 How do I know whether I am a full-year resident, nonresident, or a part-year resident of Montana for individual income tax purposes?
- 4 When do I have to file my Montana tax return?
- 5 What does the checkbox that asks “Do you want to allow another person to discuss this return with us?” mean?
- 6 If I choose to file a paper return, where do I mail it?

Electronic Filing and Payment Options

- 7 What options do I have to file my Montana tax return electronically?
- 8 If I file my return electronically, what information do I have to send in and what documents do I have to retain?
- 9 What options do I have to pay my Montana taxes electronically?

Late Filed Returns

- 10 What happens if I do not file my Montana tax return on time?
- 11 What if I need more time to file my Montana tax return?

Amended Returns

- 12 What do I do if I made an error on my income tax return and I now want to correct it?
- 13 I have filed an amended federal tax return with the Internal Revenue Service, or the Internal Revenue Service has adjusted my federal tax return. Do I have to report this change to Montana? If so, how do I report this change?

Penalty and Interest

- 14 What happens if my payment is late?
- 15 What is the interest rate on unpaid taxes?

Refund Information

- 16 How can I check on my refund?

Special Situations

- 17 I am on active duty in the regular armed forces and currently serving in an area designated as a “combat zone” or “contingency operations.” I am unable to file my Montana tax return by April 17, 2012. Can I (and my spouse) obtain an extension to file my 2011 Montana tax return?
- 18 My spouse has a past-due child support obligation and I don’t want my refund to be applied to this debt. What can I do?
- 19 A mental or physical disability prevents me from completing and filing a tax return. What can I do?
- 20 How do I file for a deceased person?
- 21 I have heard that special rules apply to wages that Montana residents earn in North Dakota, or North Dakota residents earn in Montana. What are those rules?
 - I am a Montana resident. How do those rules apply to me?
 - I am a North Dakota resident. How do those rules apply to me?

Tax Records

- 22 What should I do if I did not receive a Form W-2, wage and tax statement, from my employer or I misplaced it?
- 23 How long do I need to maintain my tax records after I have filed my state tax return?

1 Do I have to file a Montana individual income tax return?

If you are a resident, nonresident, or part-year resident, you have to file a Montana individual income tax return when you have Montana source income and your federal gross income, excluding unemployment compensation, is equal to or greater than the threshold for your filing status.

IF your filing status is...	AND at the end of 2011 you were...	THEN you have to file a tax return if your federal gross income, excluding unemployment compensation was at least...
Single, or married filing separately	Under 65	\$4,010
	65 or older	\$6,200
Head of household	Under 65	\$5,830
	65 or older	\$8,020
Married filing jointly with your spouse	Both under 65	\$8,020
	One spouse 65 or older	\$10,210
	Both spouses 65 or older	\$12,400

You are entitled to an additional exemption if you are blind or your spouse is blind. Increase your federal gross income by \$2,190 to determine if you are required to file.

2 I have to file a Montana individual income tax return. Which form is appropriate for me and my situation?

To use **Montana Form 2EZ**, you should be able to answer yes to all of the following:

- I was a Montana resident for all of 2011.
- I am filing as a single person or as a married person filing a joint tax return.
- My spouse and I were under 65 and not blind at the end of 2011.
- I am claiming no dependents.
- My only income is from wages, interest, dividends, or unemployment compensation.
- I am claiming the standard deduction rather than itemizing deductions.
- I am not claiming any credits.

To use **Montana Form 2M**, you should be able to answer yes to all of the following:

- I was a Montana resident for all of 2011.
- I am filing as a single person, head of household, or as a married person filing a joint tax return.
- My only income is from wages, interest, dividends, capital gains, IRA distributions, pensions, annuities, unemployment compensation, social security benefits or refunds.

- The only tax credit that I may be claiming is one (or more) of the following:
 - Adoption Credit
 - Elderly Homeowner/Renter Credit (Form 2EC)
 - College Contribution Credit (Form CC)
 - Energy Conservation Installation Credit (Form ENRG-C)
 - Elderly Care Credit (Form ECC)
 - Alternative Energy Systems Credit (Form ENRG-B)

You will have to use the Montana Form 2 if you answer yes to any of the following:

- I was a resident of Montana for only part of 2011.
- I am a nonresident of Montana with Montana source income.
- I am married, filing a separate Montana income tax return.
- My income includes income from a business or profession, farm or ranch, rents, royalties, partnerships, S corporations, estates or trusts.
- My tax year ended on a date other than December 31, 2011.
- I am claiming the tax withheld from my Montana mineral royalty payments.
- I am claiming the tax withheld by a pass-through entity (Montana Schedule K-1 or Form PT-WH).

3 How do I know whether I am a full-year resident, nonresident, or a part-year resident of Montana for individual income tax purposes?

You are a resident of Montana for individual income tax purposes if you live in Montana or if you maintain a permanent home in Montana. A permanent home in Montana means a dwelling place you habitually use as your home, whether or not you own it and whether or not you may someday leave. You do not lose your Montana residency if you leave the state temporarily with the intention of returning. Your Montana residency is lost when you move outside of Montana with no intention of returning. Unless there is a specific exception under Montana law, if you establish Montana residency for any other purpose, you are considered a Montana resident for income tax purposes.

You are a nonresident of Montana if you were not a resident during any part of the tax year.

You are a part-year resident of Montana if you moved to or from Montana during the tax year with the intention of establishing a permanent residence in your new state.

A nonresident or part-year resident who is required to file a Montana tax return needs to use Form 2.

4 When do I have to file my Montana tax return?

Your 2011 Form 2EZ tax return is required to be filed by April 17, 2012. If filing after April 17, 2012, please see FAQs [10](#) and [11](#).

5 What does the checkbox that asks “Do you want to allow 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. 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 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.

	In 2011, I was a...			
	First-time filer	Full-year resident	Part-year resident	Nonresident
E-file with tax preparer	Yes	Yes	Yes	Yes
E-file with online/retail software	Yes	Yes	Yes	Yes
E-file through TAP*	No	Yes	Yes***	Yes***
E-file through MT Direct File**	Yes	Yes	Yes	Yes

*Taxpayer Access Point (TAP) is a free electronic service for accessing your Montana tax account information, filing your return, paying your tax and more. Visit revenue.mt.gov.

**MT Direct File is a free electronic service for filing your return without signing up for account access. Visit revenue.mt.gov.

***If you are a nonresident or part-year resident who has previously filed a Montana income tax return, you may use this option. If you have not previously filed, you cannot sign up for account access and e-file through TAP.

8 If I file my return electronically, what information do I have to send in and what documents do I have to retain?

If you file electronically, you don't have to mail in a paper copy of your tax return, any accompanying federal Form(s) W-2 or 1099, or any other Montana supplemental forms. When you file your tax return electronically, you represent that you have kept all the documents required as your tax record and that you will provide copies of these if we ask for them. You also don't have to sign a copy of your tax return and submit it to us. The act of completing and filing your tax return electronically is considered your authorized signature.

9 What options do I have to pay my Montana taxes electronically?

You can pay your Montana taxes electronically by using any of the following methods:

- Electronic funds withdrawal when e-filing your joint federal/state tax return. (There is no fee for an electronic funds withdrawal.)
- E-checks (There is no fee for an e-check payment.)
- Credit/debit cards (A small fee is applied for a credit card payment.)

To pay your Montana taxes electronically by e-check or using a credit/debit card, please visit revenue.mt.gov.

10 What happens if I do not file my Montana tax return on time?

If you file your tax return late, you will need to pay a late file penalty of \$50 or the amount of tax due, whichever is less. You do not owe a late file penalty if you file a late tax return for which you are receiving a refund. Please remember that your return is considered late if you file after April 17, 2012, unless you qualified for an extension. If you were granted an automatic, six-month extension, your return is considered late after October 15, 2012.

11 What if I need more time to file my Montana tax return?

You are granted an automatic, six-month extension of time for filing your Montana income tax return if you have paid 90% of your 2011 Montana income tax liability or 100% of your 2010 Montana income tax liability through your estimated tax payments, your withholding tax, or a combination of both your estimated and withholding tax payments by April 17, 2012. You do not have to apply for a federal extension in order to receive a Montana extension.

Please use the Montana Form EXT-11, 2011 Extension Payment Worksheet, to determine if you have to make an extension payment by April 17, 2012, to qualify for the automatic filing extension. You can get a copy of this form by visiting our website at revenue.mt.gov or calling us toll free at (866) 859-2254 (in Helena, 444-6900). If you are required to make an extension payment, please use the tax payment voucher found on this worksheet or sign up

to make your payment online by visiting our website at revenue.mt.gov.

Any extension of time to file your Montana income tax return is not an extension of time to pay your income tax liability. If you have a valid Montana extension but you have not paid your entire 2011 income tax liability by April 17, 2012, you are relieved of late file penalties but you are not relieved of late pay penalties and interest on your outstanding Montana income tax liability.

12 What do I do if I made an error on my tax return and I now want to correct it?

If you discover that your tax return was incorrect, you have five years from the due date of the original tax return to file an amended Montana tax return to correct the mistake. Please mark the "Amended Return" box found in the upper left-hand corner of the Montana tax return.

Include copies of any schedules submitted with the original filing, even if none of the amounts previously reported have changed.

Montana AMD Worksheet is available to help you reconcile the changes to the original tax return. Although not required, we suggest that you complete and include AMD Worksheet, or a similar form outlining the changes, with your corrected tax return. AMD Worksheet does not serve as an amended return on its own. You can download AMD Worksheet from our website at revenue.mt.gov.

If you file an amended tax return that reflects an increased tax liability, you may have the late payment penalty waived. To receive the waiver, simply mark the "Amended Return" box on the top left-hand corner of the tax return and pay the tax and applicable interest in full when you file the amended return. By marking this box and paying all tax and interest, you are treated as having requested a waiver of the late payment penalty.

13 I have filed an amended federal tax return with the Internal Revenue Service, or the Internal Revenue Service has adjusted my federal tax return. Do I have to report this change to Montana? If so, how do I report this change?

Yes, you have to report the change to Montana. Within 90 days after you receive notification that the Internal Revenue Service changed or corrected your federal taxable income, or 90 days after you change your federal taxable income by filing an amended federal return, you have to file an amended Montana tax return. If you do not file an amended Montana return within that 90 days, we will have five years to adjust your Montana tax return to reflect the changes made on your federal tax return or make any other assessments of additional tax.

14 What happens if my payment is late?

If you do not pay all of your tax on or before April 17, 2012, you will need to pay a late payment penalty. This penalty is 1.2% per month or fraction of a calendar month on the unpaid tax. This penalty cannot exceed 12% of the tax due.

If you do not pay your tax liability by April 17, 2012, you will also be charged interest at a rate of 8% per year, accrued daily. If you can't pay your tax in full, you should file your tax return by the due date and pay as much as you can with your tax return. If you wish to set up a payment plan, please call us toll free at (866) 859-2254 (in Helena, 444-6900) as soon as possible to discuss payment options and make arrangements to pay.

When you file as married filing separately on the same form or on separate forms and both spouses owe tax, penalties and interest need to be calculated separately for each spouse.

Whether you just pay your tax late or are making a payment as part of a payment plan you established with us, be sure to include your name, social security number and the tax year for which the payment is to be applied clearly on your payment. If you intend to have one payment applied to more than one social security number or tax year, please include a statement with your payment that tells us how you want us to apply your payment.

15 What is the interest rate on unpaid taxes?

The current interest rate is 8%, and it will continue to be in effect through December 31, 2012. Under Montana law, the interest rate for all unpaid individual income taxes depends on the rate set by the Internal Revenue Service and may fluctuate each year, but will not be less than 8%.

16 How can I check on my refund?

You can check the status of a refund you are expecting by visiting our website at revenue.mt.gov and going to the "Where's My Refund?" link. You can also check the status of your refund by calling us toll free at (866) 859-2254 (in Helena, 444-6900). We will be glad to tell you the status of your refund once we have entered it into our computer system.

Whether you are checking the status of your refund online or by phone, you will need to provide the following information:

- The social security number of the first taxpayer's name on your tax return;
- The amount of the refund requested as shown on your tax return; and
- Your federal adjusted gross income as shown on your tax return.

17 I am on active duty in the regular armed forces and currently serving in an area designated as a "combat zone" or "contingency operations." I am unable to file my 2011 Montana tax return by April 17, 2012. Can I (and my spouse) obtain an extension to file?

Yes, you can. Montana law follows federal law with respect to the time allowed for filing a return. Therefore, the extension of time to file your Montana tax return is the same for filing your federal tax return. If you are serving in a combat zone or in a contingency operation, you (and/

or your spouse) can extend the filing of your Montana tax return for up to 180 days after your last day in a combat zone.

If you are filing your tax return under this provision, clearly write on the top of Montana Form 2, using red ink, "combat zone or contingency operations extension," and file your tax return within 180 days after your last day in a combat zone. If you file within the 180 days, you are not assessed any penalties or interest.

18 My spouse has a past-due child support obligation and I don't want my refund to be applied to this debt. What can I do?

If you do not want your refund to be applied toward your spouse's child support obligation, you can file your Montana tax return using Form 2 and filing status 3b, which is "married filing separate tax returns on separate forms." When using this filing status, each spouse claims his or her own income, losses, deductions, expenses, exemptions and credits, and your Montana refund would not be offset by your spouse's child support debt.

If you filed a joint return with your spouse and your refund was applied to your spouse's child support debt, you may be considered an "injured spouse" and we can help you resolve the matter. You need to contact us within 30 days after receiving notice that your refund was applied to your spouse's child support debt. If necessary, we can help you file the correct tax return(s).

19 A mental or physical disability prevents me from completing and filing a tax return. What can I do?

If you have a filing obligation but are unable to complete and file a tax return because of a mental or physical disability, the tax return can be prepared by your authorized agent, guardian or person responsible for your care and property.

20 How do I file for a deceased person?

If you are responsible for the financial affairs of a deceased person, you'll have to file a tax return for that person if his or her income exceeds the minimum filing requirements found in FAQ 1. If you and the deceased person were married, you can file a joint tax return. If you are filing a joint return and you are the surviving spouse, that is all that is required. All other filers requesting the deceased taxpayer's refund must file the return and include a federal Form 1310 as well as any court documents appointing you as the personal representative.

This tax return has to include the income of that deceased spouse from the beginning of the year to the date of death in addition to the income of the surviving spouse for the entire year. Income of the deceased person received after the date of death should not be included on an individual tax return. Post-death income is reported on a fiduciary income tax return for a trust or estate, Montana Form FID-3.

21 I have heard that special rules apply to wages that Montana residents earn in North Dakota, or North Dakota residents earn in Montana. What are those rules?

Montana and North Dakota have a reciprocal agreement. If a Montana resident performs personal or professional services for an employer in North Dakota, the wages are treated as being earned in Montana and the Montana resident does not have to file a North Dakota income tax return reporting those wages. If a North Dakota resident performed personal or professional services for an employer in Montana, the wages are treated as being earned in North Dakota and the North Dakota resident does not have to file a Montana income tax return reporting those wages. The agreement also covers withholding taxes. Withholding is not required on wages treated as earned in the other state. The Montana-North Dakota agreement applies only to wages; other types of income, such as the self-employment income of an independent contractor or mineral royalties, are not included.

• I am a Montana resident. How do those rules apply to me?

You should report all of your wages on your Montana return—you are not required to file a North Dakota income tax return (unless your employer withheld North Dakota taxes on wages covered by the agreement and you need to file a North Dakota return to get a refund of those taxes). You can also claim an exemption from future North Dakota withholding by completing North Dakota Form NDW-R and giving it to your North Dakota employer. You can get this form from your employer, by visiting North Dakota's website at nd.gov/tax or by writing to Office of State Tax Commissioner, State Capitol, Bismarck, ND 58505.

• I am a North Dakota resident. How do those rules apply to me?

You should report all of your wages on your North Dakota return—you are not required to file a Montana income tax return (unless your employer withheld Montana taxes on wages covered by the agreement and you need to file a Montana return to get a refund of those taxes). If you have to file a Montana return to get a refund, file a paper return on Form 2, include Montana Form NR-1, North Dakota Reciprocal Affidavit, and a copy of your North Dakota income tax return and mail them to us by April 17, 2012. File as a nonresident

and do not report the wages that you earned in Montana as "Montana source income."

You can also claim an exemption from future Montana withholding by completing Montana Form NR-2 annually. File one copy with your employer and one with us by February 28 of the calendar year for which you want it to apply, or within 30 days after you begin working or change your permanent residence. You can get this form from your employer, by visiting our website at revenue.mt.gov, or by writing to Montana Department of Revenue, PO Box 5805, Helena, MT 59604-5805.

22 What should I do if I did not receive a Form W-2, wage and tax statement, from my employer or I misplaced it?

Your employer is required to issue a Form W-2 by January 31 if you earned wages during the previous calendar year. If you haven't received your W-2 form by that date or you misplaced it, request your employer to reissue it. You may also obtain this information anytime by completing a Request for Copies of Tax Information (Form RTI) and submitting it to us in person, by fax or by mail. You can obtain this form by visiting revenue.mt.gov or by calling us toll free at (866) 859-2254 (in Helena, 444-6900).

You still must file your tax return on time even if you do not receive your Form W-2. If you do not receive the missing information in time to file, you may complete federal Form 4852, Substitute for Form W-2, Wage and Tax Statement. Attach Form 4852 to the return, estimating income and withholding taxes as accurately as possible. There may be a delay in any refund due while the information is verified. Keep a copy of the completed Form 4852 for your records.

If you receive a Form W-2 or W-2C (corrected form) after you have filed your return using Form 4852 and the information differs from what you reported on your return, you must amend your Montana individual income tax return.

23 How long do I need to maintain my tax records after I have filed my state tax return?

You should keep all your records for at least five years from the date that you filed your Montana tax return. This is called the statute of limitations. The statute of limitations for Montana individual income tax purposes is five years, and the statute of limitations for federal individual income tax purposes is three years. You should keep your property records and carryover information even longer.

Where's My Refund?



revenue.mt.gov

Click on the Where's My Refund link.

Individual Income Tax Forms Available Upon Request

These forms are available on our website at revenue.mt.gov, and may be available at your library, post office, or your Department of Revenue county or IRS offices. You can also request your forms by calling us toll free (866) 859-2254 (in Helena, 444-6900).

Form Name	Description	Form Name	Description
2EZ Booklet.....	2011 Individual Income Tax Form 2EZ with Instructions	FRM.....	Farm and Ranch Risk Management Account
2M Booklet.....	2011 Individual Income Tax Form 2M with Instructions	FTB.....	First-Time Home Buyer Savings Account
2 Booklet.....	2011 Individual Income Tax Form 2 with Instructions	HI	Health Insurance for Uninsured Montanans Credit
2EC.....	Montana Elderly Homeowner/Renter Credit	IND	Tribal Member Certification (formerly known as Indian Certification)
2101.....	W-2 Withholding Declaration	IUFC	Infrastructure User Fee Credit
2441-M	Child and Dependent Care Expense Deduction	MHPE	Mobile Home Park Exclusion
AEPC.....	Alternative Energy Production Credit	MINE-CRED	Mineral and Coal Exploration Incentive Credit
AFCR.....	Alternative Fuel Credit	MSA.....	Medical Care Savings Account
AMD Worksheet	Amended Return Reconciliation	NOL	Montana Net Operating Loss Worksheet (1999 and subsequent years)
BBSC.....	Biodiesel Blending and Storage Credit	NOL-Pre 99	Montana Net Operating Loss Worksheet (1998 and prior years)
CC	College Contribution Credit	NR-1	North Dakota Reciprocal Affidavit
DCAC	Dependent Care Assistance Credit	NR-2	Employee Certificate of North Dakota Residence
DS-1	Disability Income Exclusion Calculation	OSC.....	Oilseed Crushing and Biodiesel/ Biolubricant Production Facility Credit
ECC.....	Elderly Care Credit	QEC.....	Qualified Endowment Credit
ENRG-A.....	Geothermal Systems Credit	RCYL	Recycle Credit
ENRG-B.....	Alternative Energy Systems Credit	RSCH	Increase Research and Development Activities Credit
ENRG-C	Energy Conservation Installation Credit	TELC	Temporary Emergency Lodging Credit
ESA.....	Estimated Tax Annualization Worksheet	VT	Veteran's Program Contribution and Deduction
EST-I.....	Interest on Underpayment of Estimated Tax	Worksheet VIII ...	Taxable Social Security Benefits
ESW	Estimated Individual Income Tax Worksheet	Worksheet IX.....	Tax Benefit Rule for Recoveries of Itemized Deductions
EXT-11.....	Extension Payment Worksheet		
FPC	Film Employment Production and Qualified Expenditures Credit		

Important Numbers

Tax Questions and Assistance..... 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

No Return

Filing Checklist

If you file your tax return electronically, be sure to:

- Receive confirmation that your return was accepted by the Montana Department of Revenue.
- Schedule an electronic payment or send a check or money order by April 17, 2012 if you have tax due.
- Keep a copy of your return with all schedules, worksheets, receipts and other supporting documents.

If you file your tax return by mail, be sure to:

- Sign the tax return. If you are filing a joint return, your spouse must also sign the return.
- Sign your check or money order if you have included a payment. Do not send cash.
- Include all W-2s and any 1099s reporting Montana withholding that you were issued for 2011.

- Include all state schedules that support figures on your tax return. Do not include worksheets or blank schedules.
- Keep a copy of your return with all schedules, worksheets, receipts and other supporting documents.
- Mail your return to the correct address.

If you have a refund or no payment due:

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

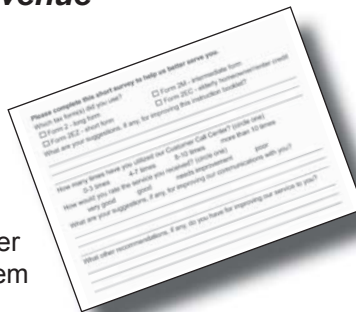
If you are sending a payment and voucher:

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

We value your comments and suggestions.

The Montana Department of Revenue works for you.

That's why we look forward to hearing what you have to say. Please let us know how we are doing by completing the improvement survey attached to this instruction booklet. Your comments and suggestions will help us do an even better job for you. And that makes our tax system work for all Montanans!



Where's My Refund?



revenue.mt.gov

Click on the Where's My Refund link.