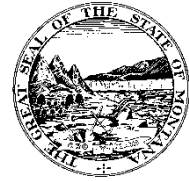




Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

Memorandum

To: Laurie Logan, Director's Office - Legal
Ed Caplis, Tax Policy and Research

From: Aaron McNay, Tax Policy and Research

Date: June 30, 2017

Subject: Small Business Impact of Military Salary Exemption Rule Changes

The department is currently in the process of revising its rules that deal with the taxation of military salaries in ARM Title 42, chapter 15, section 214 and pension and annuity income exclusions in section 219. Under the proposed rule changes, ARM 42.15.214 would be amended, so that pay received for service on active duty as a member of the National Guard under Title 10 USC orders are explicitly exempt from Montana's personal income tax. As this pay is already exempt from Montana's income tax, this proposed rule change will have no impact to the state's small businesses.