

Beneficiary's Instructions for Montana Schedule K-1

General Instructions

General Instructions

A fiduciary of an estate or trust is required to provide a Montana Schedule K-1 to all beneficiaries. Montana Schedule K-1 shows information about a beneficiary's share of income, gains, losses, deductions, credits and other items from an estate or trust. A beneficiary may need this information to complete the appropriate Montana tax return.

Partnership or corporation beneficiary. If you are a corporation, partnership, or limited liability company, the Montana Schedule K-1 shows your share of Montana source income and Montana statutory adjustments from the estate or trust that may affect the preparation of your Montana tax return.

Resident individual, estate or trust beneficiary. If you are a Montana resident individual, estate, or trust, your entire share of the estate's or trust's income, gains, losses and deductions that is includable in your federal taxable income is Montana source income. Montana Schedule K-1 shows your share of Montana source income and Montana statutory adjustments from the estate or trust that may affect the preparation of your Montana tax return.

Nonresident or part-year resident individual, estate, or trust beneficiary. If you are a nonresident or part-year resident individual, estate, or trust, the amount of your share of the estate's or trust's income, gains, losses and deductions having their source in Montana is used to determine your Montana tax liability. Your share of Montana source income and Montana statutory adjustments are reported on the Montana Schedule K-1. You will need a Montana Schedule K-1 to file a Montana tax return.

Amended Schedule K-1. If you received an amended Montana Schedule K-1 from the fiduciary, you may need to file an amended Montana tax return to report the changes in income, gains, losses and deductions.

Montana Schedule K-1, Parts 3-5

Part 3 – Montana Adjustments

A-B. Montana Additions and Deductions

To compute Montana income taxable to beneficiaries, certain items have to be added to or deducted from income reported for federal income tax purposes. Any amounts listed are the beneficiary's distributive share of Montana additions and deductions. A detailed schedule is required to be included. The form shows a partial list.

Part 4 – Beneficiary's Share of Montana Source Income (Loss)

If you are a resident, nonresident or part-year resident beneficiary, you will need this information to file a Montana tax return. If you are a corporation or pass-through entity, you may need this information to report your Montana source income. Your share of the estate's or trust's distributed Montana source income, gains, losses and other additions to income that you need to report on your Montana tax return are shown in Part 4.

Part 5 – Supplemental Information

Montana mineral royalty tax withheld. If the estate or trust received royalty payments subject to withholding and distributed the mineral royalty tax withheld to the beneficiary, the amount distributed to the beneficiary is listed.

Other Information. Supplemental information which could result in adjustments to your Montana tax return are listed on this line. If all of the supplemental information could not be listed on this line, the estate or trust should provide you with a statement showing the additional information. Additional information includes income tax paid on behalf of beneficiaries and allocated items that you may be able to use to calculate a tax credit. An example of an item that can be used to calculate a tax credit is a contribution made by an estate or trust that qualifies for a qualified endowment credit. A portion of a contribution that is not used to calculate a credit against the estate or trust's liability may be allocated to you. If you receive a portion of this contribution, the amount will be reported on this line.