Instructions for Elderly Homeowner/Renter Credit Form 2EC

The Montana Elderly Homeowner/Renter Credit is a property tax relief program that provides you with a refundable credit if you are age 62 or older, have resided in Montana for more than nine months during the tax year, occupied a Montana residence for a total of six months or more during the year and your gross household income is less than $45,000.

If you are not required to file an income tax return but are filing Form 2EC, please write your name, address and social security number in the space provided near the top of the form. If you are married, also enter your spouse's name and social security number.

If you will be filing this form with an income tax return, you only need to enter your social security number(s).

If either spouse died during the claim year, enter the date of death in the appropriate box. If filing an individual tax return is not required and this claim is for either a deceased individual or a married couple who are both deceased, please include federal Form 1310. Otherwise, please refer to the instructions of the tax return to be filed to determine if a federal Form 1310 should be included.

Part I – Qualifications

You will need to answer all four statements before you apply for the elderly homeowner/renter credit. Any "No" answer means you are not eligible for the credit. If you are able to answer "Yes" to all of these statements, you are eligible for this refundable credit of up to $1,000. Even though you may be eligible for the credit, after completing Parts II and III of this form, it may be that you are not entitled to receive any credit. Please note that only one claim is allowed per household and that married taxpayers who are living apart may qualify for only one credit per year.

Age 62 Test

If you were 62 or older as of December 31, 2015, you can answer "Yes" to this statement. If you are married and both spouses own or rent your residence, only one of you has to meet the age requirement.

Six-Month Test

You can answer "Yes" to this question as long as you have occupied one or more residences as an owner and/or renter for six months or more during the year.

Nine-Month Test

You must have resided in Montana for nine months or more during the year to answer "Yes" to this statement. If you are the personal representative of the estate of an eligible individual who died during the year, you cannot claim this credit if that individual died before October 1, 2015. If you are married filing this claim with your spouse and if your spouse, who would have been the only eligible individual, dies before October 1, 2015, you are not eligible for this credit. You are eligible only if, as a surviving spouse, you are age 62 or older and you can continue to answer "Yes" to the other statements.

Gross Household Income

If your gross household income was less than $45,000, you can answer "Yes" to this question. Your gross household income includes all income received by all individuals in the household.

Part II – Household Income

Enter your gross household income on line 1. Your gross household income is all the income received, taxable and nontaxable, by all individuals who live in your household. This includes, but is not limited to, the income of adult children and unrelated individuals living in your household. In addition to federal adjusted gross income, the following are examples of items that are included in household income:

- Inheritances
- Pension and annuity income (this includes railroad retirement)
- Disability benefits including, but not limited to, veteran's disability, SSI payments and workers' compensation
- Any capital gains that you excluded from your Montana adjusted gross income, such as the gain from the sale of your primary residence
- Alimony and support payments
- Nontaxable strike benefits
- Cash public assistance and relief - Do not include LIEAP (Low Income Energy Assistance Program) or SNAP (Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program)
- Interest on federal, state, county and municipal bonds
- All social security payments except those paid directly to a nursing home
- Federal income tax refunds taxable in Montana
- Federally taxable state tax refunds
- Elderly homeowner/renter credit allowed

Some items above may involve a basis (amount you invested). If applicable, you may reduce your income by the basis or by the amount that is the return of what you invested. For example, if you paid $5,000 for stock in a company, that is your basis. If you sell the stock for $8,000, your household income only includes the gain of $3,000 ($8,000 sales price minus $5,000 basis).

If you received pension or annuity income or a distribution from a traditional IRA, include the federally taxable amount as shown on your form 1099.

Do not reduce your household income by any losses that you included in your federal adjusted gross income.

The following Income Source Worksheet can be used to help you calculate your gross household income.

Income Source Worksheet	
Income Source (taxable and nontaxable)	Amount
1. Wages, salaries, bonuses, tips, etc.	
2. Business, partnership, rent, royalties (do not include losses)	
3. Dividends, interest (including interest from federal, state, county and municipal bonds) and capital gains (do not include capital losses)	
4. Federally taxable state refunds	
5. Federal tax refund taxable in Montana	
6. Prior year 2EC refunds	
7. Alimony, cash public assistance, unemployment	
8. Pension, annuities, IRA distributions, benefits from railroad retirement, public employee's retirement, veteran's disability and social security (Do not include social security income paid directly to a nursing home)	
9. Income from any source or other household members not included above	
10. Add lines 1 through 9; enter the total here and on Form 2EC, line 1. This is your gross household income.	

Line 4 – Household Income Reduction Table

If your household income on line 3 is:		
At least	But not more than	Your multiplier is
$0	$1,999	0.000
$2,000	$2,999	0.006
$3,000	$3,999	0.016
$4,000	$4,999	0.024
$5,000	$5,999	0.028
$6,000	$6,999	0.032
$7,000	$7,999	0.035
$8,000	$8,999	0.039
$9,000	$9,999	0.042
$10,000	$10,999	0.045
$11,000	$11,999	0.048
$12,000 and greater		0.050

Part III – Credit Computation

Enter the physical address of the residence you are basing your claim on if it is different than the mailing address shown on this form or your Form 2. If you had multiple residences during the year, enter the address of the one you occupied the longest. You will need to include a copy of your 2015 property tax bill and/or your signed rent receipts when you file Form 2EC. If you are unable to get signed rent receipts, a statement detailing the rent paid during the year signed by your landlord is an acceptable substitute. If you are filing electronically, you do not need to send us your property tax bill or rent receipts. When you file electronically, you represent that you have completed Form 2EC, retained the required documents in your tax records and will provide those documents to us upon request.

Line 6 – Property Tax Billed

Your property tax billed is your November 2015 property tax statement of taxes assessed against your home and it includes your special assessments and fees. Do not include any amounts assessed for prior years but paid during 2015.

You are allowed only the property tax billed on your primary residence and up to one acre of land that is associated with this residence. If the one-acre farmstead or primary acre is not separately identified on your tax bill and if your ownership is less than 20 acres, your property tax to be used in the credit calculation is the larger of: total amount of property tax billed multiplied by 80%, or total amount of property tax billed divided by the total acreage.

If your property tax bill is on property that you held in a revocable trust and if you are the grantor(s) and trustee(s) of that property, you can qualify for this credit. If your property taxes are billed to your living trust or life estate, you can qualify for this credit. If the property occupied by you is in a name other than your own, the property taxes billed for that property can qualify as rent only.

Line 7 – Rent Equivalent Paid

Your rent is only the amount of money that you paid to occupy your home. If you live in a health care, long-term care, personal care or residential care facility, the rent allowed is the actual out-of-pocket rent that you paid. If the facility does not provide you with an adequate breakdown between your rent and amenities, your rent is limited to $30 a day and it cannot exceed $10,950 a year.

Please note: Do not include rent you pay for an apartment or a facility that is exempt from property tax as the credit is not allowed in these situations. Please verify with your landlord or facility that the property is subject to property taxes beyond assessments such as sewer and garbage fees. You may also contact the department for assistance in determining if the property is exempt from property tax. Items that also should not be included as rent equivalent paid on line 7 are as follows (this list is not all inclusive):

- Mortgage payments
- Amenities such as meals, housekeeping or nursing care
- Nursing home costs that are paid directly from social security to the facility
- Rent paid for you by a rental assistance program (this amount should also not be included in your household income)

Line 12 – Credit Multiplier Table

If the amount on line 1 is:	Enter this figure on line 12:
Less than $35,000	1.00 (100%)
$35,000 to $37,500	0.40 (40%)
$37,501 to $40,000	0.30 (30%)
$40,001 to $42,500	0.20 (20%)
$42,501 to $44,999	0.10 (10%)
$45,000 and greater	0.00 (0%)

Direct Deposit

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 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 or if the direct deposit information that you provided is incomplete, we will mail you a refund check.

Sign Your Credit Claim

This form is not considered a valid claim unless you sign it. If you are filing a joint claim, your spouse must also sign. If you have someone prepare your Form 2EC, you are still responsible for the correctness of the claim.

Electronic Signatures

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

- You are the taxpayer identified in the claim; and
- The information in the claim 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 claim. We may have questions about items on this form and if you are able to answer our questions over the phone, we may be able to continue processing your claim without mailing you a letter. If you are filing a joint claim, you can enter either your or your spouse's daytime phone number.

Paid Preparer

Anyone you pay to prepare your claim 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 this form for your records. Someone who prepares your claim but does not charge you should not sign your claim.

Third Party Designee

If you want to allow your preparer, a friend, a family member or any other person you choose to discuss your 2015 Form 2EC with the department, mark the "Yes" box in the bottom of the signature block. You must also enter the designee's printed name and phone number. If you do not complete this section in its entirety, we cannot discuss your claim with a third party.

If you mark the "Yes" box, you, and your spouse if filing a joint claim, are authorizing the department to call the designee to answer any questions that may arise during the processing of your claim. You are also authorizing the designee to:

- Give us any information that is missing from your claim;
- Call us for information about the processing of your claim or the status of your refund;
- Receive copies of notices or transcripts related to your claim, upon request; and
- Respond to notices from us about math errors, offsets and claim 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 2016 return. This is April 17, 2017, for most people.

File Your Form 2EC Electronically

File Form 2EC with your Form 2, or alone if not required to file a Montana tax return, through our website. For further information on filing Form 2EC electronically, please visit our website at *revenue.mt.gov*.

If you choose not to file electronically and you are not required to file Montana Form 2, please mail your Form 2EC to:

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

How can I find out more about this credit or other tax matters, such as property tax relief?

If you need additional information about this credit or other tax matters, such as property tax relief, please call us toll free at (866) 859-2254 (in Helena, 444-6900) or visit our website at *revenue.mt.gov*.