Montana Department of REVENUE

MONTANA
FTB
Rev 04 15

2015 Montana First-time Home Buyer Savings Account

Annual Reporting Information for Self-administered Accounts
15-63-101 through 15-63-205, MCA

First Name and Initial	Last Name	Social Security Number
		___ – __ – ____

Name and address of the financial institution where your Montana first-time home buyer savings account is established:

_____

_____

_____

Your Montana first-time home buyer savings account number

Part I. Allowable exclusion calculation

1. Current year deposits (Column A if using FTB-Worksheet) ..... 1.
2. Deposits from prior years not previously excluded ..... 2.
3. Add lines 1 and 2 ..... 3.
4. Enter the lesser of the amount on line 3 or $3,000 ..... 4.
5. Interest and other income (Column B if using FTB-Worksheet) ..... 5.
6. Add lines 4 and 5. This is your Montana First-time Home Buyer Savings Account exclusion. Enter this amount on Form 2, Schedule II, line 19 ..... 6.
7. If the amount on line 3 is greater than $3,000, subtract line 4 from line 3. These are your excess deposits that may be excluded next year ..... 7.

Part II. Nonqualified withdrawals

1. Nonqualified withdrawals (Column D if using FTB-Worksheet) ..... 1.
   Enter this amount on Form 2, Schedule I, line 8.
2. Enter the withdrawals on line 1 made on the last business day in 2015 ..... 2.
3. Subtract line 2 from line 1 ..... 3.
4. Multiply the amount on line 3 by 10% (0.10). Enter this amount on Form 2, line 68 and write "FTB" in the space provided. This is your penalty ..... 4.

The Montana First-time Home Buyer Savings Account Worksheet (FTB-Worksheet) is available to help you reconcile the activity on this form by providing a log to track deposits, withdrawals, fees and other transactions. It is not required to be completed or included with your tax return. (The FTB-Worksheet follows the instructions for this form.)

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.

Form FTB Instructions

Purpose of this form. A resident who establishes a first-time home buyer savings account to pay eligible costs for the purchase of their first single-family residence is allowed to exclude contributions of up to $3,000 annually in determining Montana adjusted gross income, as well as interest and other income earned on the account. This form needs to be included each year with the account holder's individual income tax return.

Definitions

First-time home buyer is a Montana resident individual who has never individually or jointly owned or purchased under a contract for deed a single-family residence in Montana or out-of-state.

Single-family residence is an owner-occupied residence in Montana. The term includes a manufactured home, trailer or mobile home if the running gear is removed, if it is attached to a permanent foundation, and if your statement of intent declaring it as an improvement to real property has been recorded with the county clerk and recorder on a form furnished by the Department of Justice. The term also includes a condominium unit.

Eligible costs are the amounts that you pay for the down payment and allowable closing costs for the purchase of your single-family home in Montana.

Nonqualified withdrawals are any withdrawals from your account that are not used for the down payment and allowable closing costs.

Frequently Asked Questions

What is required to establish a Montana first-time home buyer savings account?

This account is available to you if you are a resident of Montana who has never owned a single-family residence either jointly or alone and you established a first-time home buyer savings account either alone or jointly with another person, who also qualifies as a first-time home buyer. You can deduct annual contributions to the account of up to $3,000 or, if you are married and you file a joint return with your spouse, of up to $6,000. Your account has to be a new account established in the first year that you claim the deduction. Existing accounts do not qualify.

How much can I contribute to my Montana first-time home buyer savings account this year, and how much of this amount can I exclude from my federal adjusted gross income for 2015?

There is no limit in any one year on the amount that you may deposit into your Montana first-time home buyer savings account, but there is a limit on the amount that you can exclude from your federal adjusted gross income to arrive at your Montana adjusted gross income.

If your filing status is single, head of household or married filing separately, the maximum amount that you can exclude from your federal adjusted gross income in any one year is $3,000 plus the interest or other income earned on this amount. If you are filing your return jointly with your spouse, the maximum amount that you can exclude from your federal adjusted gross income is $6,000 plus the interest or other income earned on this amount. Amounts deposited over the limitations listed above cannot be excluded on your 2015 income tax return, but may be excluded in future years.

How long can I invest in and maintain my Montana first-time home buyer account?

You can contribute to your Montana first-time home buyer savings account for a period of 10 years. The funds you have in your Montana first-time home buyer account will have to be used to pay for eligible costs for purchasing your first-time home within 10 years after the year you establish your account. Any principal and income in your first-time home buyer account not used to purchase your home within this 10 year period, or after you have purchased your home, is taxed as ordinary income.

I opened my Montana first-time home buyer account by transferring more than $3,000 from my regular savings account to my first-time home buyers account. Can I exclude my excess deposits into my first-time home buyer savings account in subsequent years?

Yes. As long as you remain a first-time home buyer and have not purchased your first-time home, you can deposit into an account more than the maximum exclusion in any given tax year and may exclude in subsequent years any amounts previously deposited and not excluded as principal in a prior year.

Once you purchase your single-family residence, you are no longer a first-time home buyer. You cannot exclude from federal adjusted gross income any amount deposited into your first-time home buyer account or any excess deposits that were previously made to your first-time home buyer account after purchasing your home.

I have a Montana first-time home buyer savings account. I withdrew funds during 2015 that were not used to purchase a home. Are these withdrawals considered nonqualified withdrawals and are there any penalties related to them?

Yes, these would be considered nonqualified withdrawals. When you withdraw funds from your first-time home buyer account that are considered nonqualified withdrawals, there are two tax consequences. First, the withdrawals are taxable as ordinary income. Second, you are also subject to a 10% penalty on these withdrawals. You will need to complete Part II of this form to calculate your penalty. Nonqualified withdrawals that are withdrawn on the last business day of your tax year are not subject to this 10% penalty, but they are included as taxable income and are included as an addition to federal adjusted gross income in arriving at Montana adjusted gross income.

I have a Montana first-time home buyer account that I established while I was a resident of Montana. I have now moved to another state. Can I still maintain my Montana first-time home buyer account?

No. A nonresident who files a final return in Montana must report, as income in the final year of residency, the amount of principal and interest previously excluded from adjusted gross income.

As a nonresident, your withdrawal from the account is considered a nonqualified withdrawal and the amount of principal and interest or other earnings previously excluded from Montana adjusted gross income is considered ordinary income to Montana and subject to tax and the 10% nonqualified withdrawal penalty unless it is withdrawn at the end of the tax year.

Administrative Rules of Montana: 42.15.901 through 42.15.907

Montana Department of REVENUE

Montana First-time Home Buyer Savings Account Worksheet (FTB-Worksheet)

Account Holder _____

Financial Institution _____

Account Number _____ For Year Ended _____

Deposits, Withdrawals and Other Transactions

Date	Description	**Column A** Deposit amount	**Column B** Interest and other income	**Column C** Qualified withdrawals	**Column D** Nonqualified withdrawals	**Column E** Fees and other charges
	Totals					

Account Reconciliation

1. Beginning balance (If this is a new account, enter 0) ..... 1. _____
2. Total deposits (Column A) ..... 2. _____
3. Total interest and other income (Column B) ..... 3. _____
4. Add lines 2 and 3 ..... 4. _____
5. Total withdrawals (Add Columns C and D) ..... 5. _____
6. Total fees and other charges (Column E) ..... 6. _____
7. Add lines 5 and 6 ..... 7. _____
8. Ending balance. Add lines 1 and 4 and subtract line 7 ..... 8. _____

The worksheet is provided to help you track and record the information related to your first-time home buyer savings account. You are not required to use this worksheet nor include a copy when you file your income tax return.

If your tax return is selected for review because you claimed the deduction for deposits into a first-time home buyer savings account, this worksheet can be submitted as a summary. However, you may still be asked to provide other information such as copies of bank statements and cancelled checks.

Questions? Please call us toll free at (866) 859-2254 (in Helena, 444-6900), or access the Montana State University Extension MontGuide at *www.montana.edu/extensionecon/savingspublications.html*.