



# 2024 Montana Profit or Loss from a Disregarded Entity Owned by a Nonresident

Form DE  
V1 7/2024

[15-1-601](#), [15-30-2101](#), [15-30-2104](#)

First Name	Initial Last Name	SSN
Business Name	FEIN	
Business Address	NAICS	
City	State	ZIP Code + 4

Is the business a single member LLC?  Yes  No  
 Mark this box if income is apportionable (See instructions)

### Part I. Business Income

1 Form 1040, Schedule C, line 7	1		00
2 Add Form 1040, Schedule C, lines 28 and 30	2		00
3 Subtract line 2 from line 1	3		00
4 Montana additions to income	4		00
5 Montana subtractions to income	5		00
6 Add lines 3 and 4, then subtract line 5	6		00

- ▶ If this income is fully sourced to Montana, **stop here**, and report this amount on Form 2, Schedule II, line 6a.
- ▶ If your business or profession is conducted both inside and outside Montana, complete Part II.

	A Everywhere	B Montana
<b>Part II. Apportionment Factor for Multistate Businesses</b>		
1a Enter Part I, line 1 in Column A. Enter Montana gross income in Column B.	1a	00
1 Divide Column B, line 1a by the Column A, line 1a. Multiply the result by 200. <b>This is your receipts factor.</b>	1	%
2a Payroll, salaries, and wages paid by the business	2a	00
2 Divide Column B, line 2a by Column A, line 2a. Multiply the result by 100. <b>This is your payroll factor.</b>	2	%
3a Average value for all real and tangible personal property	3a	00
3 Divide Column B, line 3a by Column B, line 3a. Multiply the result by 100. <b>This is your property factor.</b>	3	%
4 Add the percentages from lines 1, 2, and 3	4	%
5 Divide the total percentages from line 4 by the number of factors that can be included in the calculation (See instructions). <b>This is your apportionment factor.</b>	5	%
6 Multiply your apportionment factor by the total income on Part I, line 6. Report here and on Schedule II, line 6a. <b>This is your Montana source business income.</b>	6	00

### Part III. Alternative Method Tax

Mark this box if you are eligible to use the alternative method tax for nonresidents. (See instructions)

1 Gross volume of sales made in Montana. Do not enter more than \$100,000.	1		00
2 Multiply line 1 by 0.5% (0.005). Enter here and on Form 2, page 1, line 8. <b>This is your Nonresident Alternative Method Tax.</b>	2		00



\*24SD0101\*

# Instructions for 2024 Montana Profit or Loss from a Disregarded Entity Owned by a Nonresident

Beginning January 1, 2024, this form replaces Form DER-1 for single member LLCs owned by nonresident individuals, estates, and trusts. Form DER-1 was discontinued as of tax year 2024.

## Purpose

The Form DE is new as of tax year 2024 and is used to report Montana source business income of single member limited liability companies (LLC) and sole proprietorships owned by nonresident individuals, estates, and trusts. This form is also used to figure the alternative method tax for eligible nonresidents under section [15-30-2104, MCA](#).

Disregarded entities, including sole proprietorships and single member LLCs, must allocate and apportion income in the same fashion that a pass-through entity or C corporation does ([ARM 42.15.120](#)).

Generally, the information to report on this form is found on your federal Schedule C. Complete a separate Form DE for each federal Schedules C used to report Montana source income.

If your business is engaged in a unitary business, you must file a combined Form DE that apportions all apportionable income from your trade or business. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state, or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses.

If you are a single member LLC that does not file a federal Schedule C, do not file this form. Those single member LLCs that do not report income on a Schedule C should report income or (loss) as it is reported federally and include it on the corresponding line of the Form 2, Schedule II. If your single member LLC's only activity is renting a Montana property, report the Montana source rental income on Form 2, Schedule II, line 10. If you are the sole member of a single member LLC that has an ownership interest in a partnership that has Montana source income and issues you a Montana Schedule K-1 (PTE), report your income from the Montana Schedule K-1 on Form 2, Schedule II, line 10.

## Line Instructions

Enter the business name and Federal Employer Identification Number (FEIN) of your business that operates in Montana. Use the same business name that is listed on your federal Schedule C.

If your income is apportionable, mark the Apportionable Income box. Your income is apportionable if your Schedule C reports income that is earned in more than one state. For example, if you do business in both Montana and North Dakota, your income is considered apportionable. After completing Part I, complete Part II to determine your Montana source income.

## Part I. Business Income

**Lines 1 through 3.** Enter these amounts from your federal Schedule C.

**Line 4 – Montana Additions.** Report those items of income from your business that are taxed in Montana but not taxed federally. See Form 2 instructions for a list of Montana additions.

**Line 5 – Montana Subtractions.** Report those items of income from your business that are taxed federally but not taxed by Montana. See Form 2 instructions for a list of Montana subtractions.

## Part II. Apportionment Factor for Multistate Single Member LLCs and Sole Proprietorships

This part is used to determine the business's Montana source income. If your Montana business income is not separate and distinct from that of other states, you must use the uniform division of income formula with a double-weighted receipts factor to determine your Montana business income. This involves the construction of a four-factor formula, which is applied against your total business income to determine the income allocable to Montana. The apportionment factor is a four-factor formula of property, payroll, and a double-weighted receipts factor.

You must ask the department if you can determine the amount of income attributable to Montana on some basis other than the apportionment method. If the department allows you to use an alternative method, you still need to complete and submit this form with your Form 2.

Beginning with tax year 2025, Montana will no longer use the property, payroll, and double-weighted receipts factor to determine the Montana source income. Instead, the apportionment factor will consist of a single receipts factor.

**Line 1 – Receipts Factor.** Receipts mean all of your gross receipts and include returns and allowances, cost of goods sold, and any other income received by the business.

The receipts factor is a fraction. The denominator is the total receipts from everywhere during the tax period. Enter the everywhere receipts from Part I, line 1 in Column A. The numerator is your total receipts in Montana during the tax period. Enter this amount in Column B.

**Line 2 – Payroll Factor.** The payroll factor is a fraction. The denominator is the total amount that the business paid for compensation attributable to the production of apportionable income during the tax period. Enter the denominator values in Column A, line 2a. The numerator is the total amount of compensation you paid attributable to the production of apportionable income during the tax period in Montana. Enter the numerator values on Column B, line 2a.

**Line 3 – Property Factor.** The property factor is a fraction. The denominator is the average value of all of your real and tangible personal property owned, leased, or rented and used in the production of apportionable income during the tax period. Enter the denominator values in Column A, line 3a. The numerator is the average value of your real and tangible personal property owned, leased or rented, and used in Montana in the production of apportionable income during the tax period in Montana. Mobile property is generally included in the Montana column based on the portion of the year the property was located in the state. Enter the numerator values in Column B, line 3a.

**Line 5 – Apportionment Factor.** Add the result of these factors and divide by four or the number of existing factors. This factor is applied to your total business income and the result is your Montana source income.

### **Part III. Alternative Method Tax**

Do not complete Parts I and II if you use the Alternative Method Tax.

If you are a nonresident that meets the following criteria you may elect to pay a tax of 0.5 percent on the gross receipts earned in Montana in lieu of paying the individual income tax based on net income.

- Your only activities in Montana consist of receipts.
- Your Montana activities do not include owning or renting real or tangible personal property.
- The dollar volume of gross receipts made during the tax year within Montana do not exceed \$100,000.

Administrative Rules of Montana: [42.15.119](#) and [42.15.120](#).

**Questions?** Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.