

2025 Montana Form FID-3

Income Tax Instructions for Estates and Trusts

MONTANA DEPARTMENT OF REVENUE



MONTANA
DEPARTMENT OF
REVENUE

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revenue.mt.gov

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Dear Montana Taxpayer,

We sincerely thank you for filing of your Montana tax return. Your timely filing benefits your community and helps to make Montana a better place for all of us.

We encourage you to continue filing electronically if possible. Last year, 87 percent of business taxpayers filed electronically. Taxpayers have found that e-filing is easy and convenient and ensures accurate processing. Electronic filing can also help you more quickly receive any refund you are owed.

We are committed to assisting you with any questions you may have about your filing requirements. If you need more information or would like help, please visit revenue.mt.gov, call (406) 444-6900 or Montana Relay at 711 for the hearing impaired, or email DORHelp@mt.gov.

Best regards,

Your Montana Department of Revenue

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This booklet is designed to address the laws for the majority of tax filing situations. If you have a unique situation that is not addressed in the booklet, please refer to Title 15 of Montana law found at leg.mt.gov or call us with your questions.

Interest Rate for 2026

Effective January 1, 2026, the annual interest rate assessed on outstanding balances is 8 percent. This rate also applies to underpayment of estimated taxes. Interest is calculated daily.

Form FID-3 Instructions

Entity Information

Tax Year

You must use the same tax year used for federal income tax purposes (as indicated on the federal tax return) for Montana income tax purposes. If the estate or trust has a fiscal year, enter the beginning and ending dates of the fiscal year. Use a 2024 Form FID-3 if the estate's or trust's tax year began in the 2024 calendar year.

Name and Address

Enter the legal name of the estate or trust on the first line. Enter the name and title, if any, of the fiduciary on the second line and include the fiduciary's mailing address on the third and fourth lines.

Federal Employer Identification Number (FEIN)

Enter the FEIN from page 1 of federal Form 1041.

Date Entity Created

Enter the date the estate or trust was created from page 1 of federal Form 1041.

Schedule K-1 and Beneficiary Information

Enter the number of Montana Schedules K-1 included and the number of each type of beneficiary: resident, nonresident, or other. An example of another type of beneficiary would be a corporation or pass-through entity.

Checkbox Items:

Mark the **"Initial return"** box if this is the first return filed in Montana for this estate or trust.

Mark the **"Final return"** box if this is the last return to be filed in Montana for this estate or trust.

Mark the **"Amended return"** box if this return is being filed to correct a previously filed Form FID-3.

Mark the **"Refund return"** box if this return is being filed to receive a refund.

Mark the **"Estate or filing trust made a 645 election"** box if the estate or filing trust has a valid Internal Revenue Code § 645 election to treat the trust as part of the estate for federal purposes.

Entity Type

Mark the applicable box for the same entity type checked on page 1 of federal Form 1041 unless the trust is a qualified funeral trust. If a fiduciary files a federal Form 1041-QFT for a trust, the fiduciary must file a Montana Form FID-3 and mark the "Qualified funeral trust" box.

If the entity type is not identified, processing of the return will be delayed. Often, the fiduciary must provide additional information to complete the filing.

Residency Status

Mark the applicable box to indicate the residency status of the estate or trust.

If the residency status is not identified, processing of the return will be delayed. Often, the fiduciary must provide additional information to complete the filing.

Resident Estate

An estate is a resident estate if the decedent was a Montana resident on the date of his or her death. If the estate is a bankruptcy estate, it is treated as a resident estate if the person for whom the estate was created is a Montana resident.

Resident Trust

A trust is a resident trust if it establishes a sufficient connection to Montana.

Several factors are considered to determine whether a trust has a sufficient connection to Montana. They include:

- the testator's, grantor's, settlor's, or creator's domicile,
- the location where the trust was created,
- the location of trust property,
- the beneficiaries' domicile; the trustees' domicile,
- the location of the trust's administration,
- other factors which indicate a connection to Montana.

Examples of a resident trust include, but are not limited to:

- any trust that designates Montana as its principal place of administration.
- any trust that is primarily administered by a trustee or representative who is a Montana resident or whose principal place of business is located in Montana,
- any irrevocable trust created by, or consisting of property of, a Montana resident on the date the trust or portion of the trust became irrevocable and has at least one income beneficiary who, for all or some portion of the trust's current taxable year, was a Montana resident,
- any trust created by the will of a decedent who was a Montana resident at the time of the decedent's death, or
- any trust created by, or caused to be created by, a court as a result of the death of an individual when:
 - property was transferred to an irrevocable inter vivos trust as a result of a decedent's death,
 - the decedent was a Montana resident at the time of the decedent's death; and
 - the trust has at least one income beneficiary who, for all or some of the trust's current taxable year, was a Montana resident.

Generally, the "principal place of administration" of a trust is the usual place where its day-to-day activities are carried on by the trustee or person who is primarily

responsible for the administration of the trust. If the principal place of administration of the trust cannot be identified under that standard, and assuming the trust agreement does not identify a different location, then it is determined as follows:

- if the trust has a single trustee, the principal place of administration of the trust is the trustee's residence or usual place of business; or
- if the trust has more than one trustee, the principal place of administration of the trust is the residence or usual place of business of any of the co-trustees as agreed upon by them. If not agreed upon by the co-trustees, the principal place of administration of the trust is the residence.

Nonresident Estate or Trust

If the estate or trust is not a resident, it is treated as a nonresident estate or trust.

For nonresident estates or trusts, Montana tax liability is computed as if the entity was a resident estate or trust. The computed tax liability is then multiplied by the ratio of the estate's or trust's Montana source income over the undistributed total income.

Refer to the instructions for Schedule II – Tax on Montana Source Income on page 12.

Specific Line Instructions

Lines that need additional instructions are listed below.

Taxable Income

Line 1. Enter the total federal adjusted income(loss) as reported on Form 1041, line 17.

Lines 2 through 5 Montana Adjustments to Income Distribution Deduction. Montana law allows some subtractions from federal taxable income and requires adding other items of income not taxable federally. Lines 2, 3, and 4 flow from the Schedule I. Line 2 correlates to Schedule I, column A, Line 3 correlates to Schedule I, column B, and Line 4 correlates to Schedule I, column C.

Complete Schedule I, Adjustments to Everywhere Income and Montana Source Income, to report these adjustments and their related deductions. Enter the amounts on the appropriate lines.

Use lines 3c and 4c to exclude items of income that must be distributed currently but have already been taxed in a previous year. Do not report tax exempt income such as dividends or interest from bonds on lines 3c or 4c.

Line 6 – Montana Estate and Generation Skipping Taxes. The deduction for Estate and Generation Skipping taxes generally follows the federal deduction (line 19). Taxes associated with income not included in Montana taxable income are not deductible. Check the box on line 6 if the amount computed for Montana purposes differs from the federal deduction.

Credits and Payments

Line 10a – Total Montana Income Tax Withheld. Enter the amount of Montana income tax withheld. This amount is usually reported in Box 17 of the federal Form W-2, or in Box 14 of federal Form 1099-R. When the estate or trust claims Montana income tax withheld, it must include a copy of the withholding statements, such as federal Forms W-2 or 1099-R.

Important: Do not report on this line Montana mineral royalty tax withheld or income tax withheld as a result of an ownership interest in a pass-through entity.

Line 10b – Montana Income Tax Withheld Allocable to Beneficiaries. Enter the amount of Montana income tax withheld reported on line 10a and allocable to beneficiaries.

Line 10 – Montana Income Tax Withheld Allocable to the Estate or Trust. Subtract line 10b from 10a. This is the amount of Montana income tax withheld that is allocable to the estate or trust.

Line 11a – Total Montana Pass-Through Entity Withholding from Montana Schedules K-1 (PTE), Part 5, line 3c. If the estate or trust has an ownership interest in a pass-through entity that had Montana source income, and the pass-through entity paid Montana pass-through withholding on behalf of the estate or trust, enter the amount here. This amount is reported to the estate or trust on a Montana Schedule K-1 (PTE) and should not be confused with any Montana mineral royalty tax withheld that passed through to the estate or trust from a pass-through entity. Attach copies of the Montana Schedules K-1 (PTE) you received that report amounts withheld on your behalf.

Line 11b – Montana Pass-Through Entity Withholding Allocated to Beneficiaries. Enter the amount of Montana pass-through entity withholding reported on line 11a and allocable to beneficiaries. Pass-through withholding must be distributed to the beneficiaries if the associated income is distributed to the beneficiaries.

Line 11 – Montana Pass-Through Entity Withholding Allocable to the Estate or Trust. Subtract line 11b from 11a. This is the amount of Montana pass-through entity withholding that is allocable to the estate or trust.

Line 12a – Total Montana Mineral Royalty Tax Withheld from Federal Forms 1099 or Montana Schedules K-1 (PTE), Part 5, line 4. If the estate or trust paid Montana mineral royalty tax withholding, enter the withholding on this line. If the estate or trust receives a distributive share of Montana mineral royalty tax withholding from a passthrough entity, enter the withholding on this line. This is generally reported on federal Form 1099-MISC, Box 16-18. This amount should not be confused with the production taxes that are also subtracted from royalty payments.

If the mineral rights are held by a pass-through entity in which the estate or trust has an ownership interest in, or from which the estate or trust receives a distribution, enter the amount reported to the estate or trust as its share of the withholding. Include a schedule detailing the calculation of the estate's or trust's portion of the withholding and any supporting documents, such as a Montana Schedule K-1, issued to the estate or trust, or a copy of Form 1099 issued to the pass-through entity. For more information, visit "Mineral Royalty Withholding" at revenue.mt.gov.

Line 12b – Montana Mineral Royalty Tax Withheld Allocable to Beneficiaries. Enter the amount of Montana mineral royalty tax withheld reported on line 12a that is allocable to the beneficiaries. Mineral royalty withholding must be distributed to the beneficiaries if the associated royalty income is distributed to the beneficiaries.

Line 12 – Montana Mineral Royalty Tax Withheld Allocable to the Estate or Trust. Subtract line 12b from 12a. This is the amount of Montana mineral royalty tax withheld that is allocable to the estate or trust.

Line 13a – Total Montana PTET from Montana Schedules K-1 (PTE). If the estate or trust has ownership interest in one or more pass-through entities that paid the Montana pass-through entity tax (PTET) on the distributive share of pass-through income of the estate or trust, enter the amount here.

This amount is reported to the estate or trust on a Montana Schedule K-1 (PTE). Attach copies of the Montana Schedule K-1 (PTE) you received that report amounts paid on your behalf.

Line 13b – Montana PTET allocated to beneficiaries. Enter the amount of Montana pass-through entity tax paid reported on line 13a and allocable to beneficiaries.

Line 13 – Montana PTET Paid Allocable to the Estate or Trust. Subtract line 13b from line 13a. This is the amount of Montana PTET paid that is allocable to the estate or trust.

Line 14 – Estimated Tax Payments. If a fiduciary has made estimated income tax payments for tax year 2025, enter the amount of these estimated tax payments. Do not include in this total any income taxes paid for a previous year because these are not estimated taxes paid for tax year 2025.

If a fiduciary makes estimated income tax payments to be allocated to a beneficiary, do not include these payments on this line. Instead, these payments must be applied to the beneficiary's account. Complete Part V, line 5 of the beneficiary's Schedule K-1 with type: "estimated payment" and the amount. You may also contact the department with information that includes the beneficiary's name and SSN or FEIN, as well as an explanation that the payment is to be applied to the beneficiary's account.

Line 15 – 2024 Overpayment. If the 2024 return resulted in an overpayment that the fiduciary elected to apply to the 2025 return, enter that amount on this line.

Line 16 – Extension payments. If any other payments were made on or after the original due date, enter the total on this line.

Line 17 – If filing an amended return, payments made with original return. Enter any payments made when you filed your original return and any subsequent payments that were applied

to your 2025 tax liability. You can view your payment history on TransAction Portal (TAP), <https://tap.dor.mt.gov>.

Line 18 – Unlocking Public Lands credit.

The Unlocking Public Lands Program allows a landowner to enter into a contractual agreement with the Montana Department of Fish, Wildlife and Parks to provide public recreational access where no legal public access currently exists.

The landowner may receive an annual tax credit in the amount of \$750 per agreement (up to a maximum of \$3,000 tax credit per year) for allowing such access. For additional information, refer to fwp.mt.gov.

Line 19 – If Filing an Amended Return, enter Overpayments Already Refunded or Applied to tax year 2026. If you are filing an amended return and you had an overpayment on your original tax year 2025 return, or on the last amended return filed for 2025 if this is not your first amendment, report this overpayment here. You may have chosen to apply this overpayment to your tax year 2026 estimated taxes.

Line 20-Add lines 10 through 18, then subtract line 19. Add lines 10 through 18. Then subtract any value reported on line 19. Enter the result here. This is the total payments and refundable credits for the estate or trust.

Tax Liability

Montana applies progressive rates of 4.7% on ordinary income up to \$21,100 and 5.9% on ordinary income above that amount. Net long-term capital gains are taxed at rates of 3% or 4.1%. For more information, please refer to the Fiduciary Income Tax section starting on page 6 of these instructions.

Line 21. Complete lines 1 through 19 on the Fiduciary Income Tax Calculation on page 3 of the form and enter the result here.

Penalties and Interest

Line 24 – Interest on Underpayment of Estimated Taxes. A fiduciary is required to pay an estate's or trust's income tax liability throughout the year if the estate or trust expects to owe an income tax liability of at least \$500 after subtracting tax credits and withholding payments. Payments can be made through withholding, installment payments of estimated taxes, or a combination of both.

If a fiduciary did not pay in advance at least 90 percent of the 2025 income tax liability (after applying credits) or 100 percent of the 2024 income tax liability (after applying credits), the fiduciary may have to pay interest on the underpayment of estimated tax.

To calculate the interest, complete Form EST-I (2025 Underpayment of Estimated Tax by Individuals and Fiduciaries), available at revenue.mt.gov or call us at (406) 444-6900.

Line 25 – Late Filing, Late Payment Penalties, and Interest.

Late Filing Penalty. If a fiduciary files the estate and trust tax return after October 15, 2026, the fiduciary must pay a late filing penalty. The penalty is equal to the greater of \$50 or 5 percent per month on the unpaid amount. The penalty is calculated from the extended due date until the return is filed or the tax is paid and cannot exceed 25 percent of the fiduciary's tax liability on line 22.

Late Payment Penalty. The late payment penalty is equal to 0.5 percent per month, calculated daily, on the unpaid amount from April 15, 2026, until it is paid. The daily rate is 0.0164 percent. Your late payment penalty will never exceed 12 percent (24 months x 0.5%) of the unpaid tax. Late payment penalty is automatically waived if you pay all the tax and interest with your return, or within 30 days of the first notice from the department.

Interest. Compute interest on any tax liability (line 22) that the estate or trust has not paid by the due date of the tax return and enter the total on this line.

Effective January 1, 2026, the interest rate is 8 percent. To calculate the interest, multiply line 22 by 0.02191 percent (0.0002191), and then multiply that result by the number of days between April 15, 2026, and the day the estate's or trust's income tax is paid.

Important: A valid extension of time to file the estate's or trust's tax return does not extend the due date to pay the estate's or trust's income tax liability after April 15, 2026.

If the estate or trust owes more than one of the items listed above, enter each amount on the following worksheet.

Type	Amount
Late filing penalty	
Late payment penalty	
Interest	
Total	

Enter the total on line 25. Keep this worksheet as part of the estate's or trust's tax records for future reference.

Line 26 – Other Penalties. If any of the penalties listed below apply to a decedent's estate, report the amount here. Refer to the Form 2 instructions for details regarding the penalties.

- Farm and Risk Management Account
- Medical Care Savings Account
- First-time Homebuyer Account

Amount the Entity Owes or Its Refund

Line 28 – Amount the Estate or Trust Owes. If the estate or trust has a tax due on line 22, add lines 22 and 27; or, if the estate or trust has a tax overpayment on line 23 and it is less than line 27, subtract line 23 from line 27. This is the amount the estate or trust owes.

A fiduciary can pay the amount an estate or trust owes by:

- Electronic funds withdrawal when e-filing the return. You can schedule your withdrawal for a later date.
- E-check or credit/debit card. Visit our TransAction Portal (TAP) at <https://tap.dor.mt.gov> and select "Make a Payment." There is a small fee when paying with a credit or debit card.
- Personal check, money order, or cashier's check. Be sure to include the payment voucher available at revenue.mt.gov or call us at (406) 444-6900 to request a voucher. Make your check payable to the Montana Department of Revenue, sign your check, and write your FEIN and "tax year 2025" on the memo line.

Note: We only accept U.S. Funds (Dollars).

For more information about e-pay options, visit revenue.mt.gov. Interest and penalties will be assessed on any amount not paid when due.

If a fiduciary cannot pay the entire amount that an estate or trust owes with the tax return, we encourage the fiduciary to file the estate and trust tax return on time and pay as much as possible. By filing and paying as much as possible by April 15, 2026, you can reduce the amount of late payment penalty and interest. If a fiduciary needs to establish a payment plan, visit our TransAction Portal (TAP) at <https://tap.dor.mt.gov> or call us at (406) 444-6964, as soon as possible to make payment arrangements.

Fiduciary Income Tax

Complete lines 1 through 19 to determine your Montana tax liability, which consists of the sum of the Montana Ordinary Income Tax and the Montana Net Long-Term Capital Gains Tax. If the estate or trust is considered a Montana resident, the amount on line 19 is your tax liability. Nonresident and part-year residents complete lines 1 through 12, then use Schedule II to compute the tax on Montana Source Income reported on line 13 before completing lines 14 through 19.

Estates and Trusts use the same rates and brackets as single individuals.

Montana Ordinary Income is defined as all taxable items of income that is not considered a net long-term capital gain and includes qualified dividends.

A net long-term capital gain is the net gain from the sale or exchange of a capital asset held for more than one year, included in your gross income.

These amounts are generally reported on federal Form 1041, Schedule D, line 18a.

Your net long term capital gains rate is determined by the amount of ordinary income relative to \$21,100. If ordinary income is less than \$21,100 then a portion, or all, of your net long term capital gains may be taxed at 3%. If ordinary income is equal to or more than \$21,100, then all net long term capital gains are taxed at 4.1%.

Line 2 – Net Long-Term Capital Gains.

Enter the amount from Form 1041, Schedule D, line 18a, column 2 but not less than zero. If the amount is a loss, enter 0. Do not enter income from Qualified Dividends even if they are taxed at the capital gains rates federally.

Line 12-Montana Ordinary Income Tax.

Compute the tax on the ordinary income portion of your Montana taxable income as follows:

- If the amount on line 4 is \$21,100 or less, multiple it by 4.7% (0.047).
- If the amount on line 4 is more than \$21,100, multiple it by 5.9% (0.059) then subtract \$253.

Line 13. Nonresident and part-year resident estates and trusts are taxed on their Montana source income. This tax is first calculated using the taxable income determined as if the estate or trust was a resident. Then, a ratio of the Montana source income over estate or trust's income over income from all sources is applied to the tax. This tax is calculated on Schedule II. After completing Schedule II, enter the total from Schedule II, line 19 on line 13. Instructions for Schedule II are on page 13.

Line 14 – Credit for Taxes Paid to Another State or Country. Enter the amount from Schedule III, line 21. If multiple Schedule IIIs were completed, add the amounts from line 21 of each schedule and enter the result.

Resident estates and trusts are allowed a credit for income taxes paid to another state or country on net income that is also taxable to Montana. Part-year resident estates and trusts are allowed a credit for income taxes paid to another state or country on net income that is also taxable to Montana as a resident and if the income is included on Schedule II, lines 11 and 15, column B.

A credit is allowed against Montana income tax only if the tax paid to a state or foreign country was based on net income of the same taxable year and the income taxed by the state or foreign country was derived from sources outside of Montana.

You must include a copy of the other state's or country's income tax return with Form FID-3. If you file the tax return electronically and you cannot include a copy of the other state's or country's income tax return, retain the copy so that you can provide it to the department upon request.

Note: Nonresident estates and trusts are not allowed to claim this tax credit against their Montana tax liability.

Refer to the instructions for Schedule III on page 14 for further information.

Line 15 – Other Tax Credits. If the estate or trust is claiming one or more of the nonrefundable credits listed below, identify each credit it is claiming and include the amounts of the nonrefundable credits in the total for line 15. If more than one credit is claimed, include a list of credits and credit amounts claimed and enter the total. Include all applicable credit forms. Several tax credits were repealed beginning with tax years starting after December 31, 2021. Repealed credits that had carryforward provisions may be carried forward until the carryforward period expires or the credit is exhausted. If you are claiming a carryforward of a credit that expired, include a detailed statement showing the calculation and carryforward amounts. Important: In order to claim any credit, you must include the appropriate forms with the estate's or trust's tax return unless you file the return electronically. If you file the return electronically and you cannot attach a copy of a credit form, retain the copy so you can provide it upon request. The forms do not specifically address estates and trusts, but estates and trusts are allowed to claim the credits listed below. The forms and instructions are available at revenue.mt.gov.

Enter the name of the credit and any identifying number e.g. "Contractors Gross Receipts XXXXXXX-XXX-CGR"

Only enter credits claimed against the estate or trust's tax liability. Do not enter any credits passed to beneficiaries.

Nonrefundable/No Carryover Credits:

- Recycle Credit (Form RCYL)
- Innovative Educational Program Credit
- Student Scholarship Organization Credit
- Apprenticeship Tax Credit
- Trades Education and Training Credit (Form TETC)
- Nonrefundable/Current with Carryover
- Contractor's Gross Receipts Tax Credit
- Empowerment Zone Credit
- Historic Property Preservation Credit (federal Form 3468)
- Infrastructure User Fee Credit (Form IUFC)
- Media Credit (Form MEDIA CLAIM)
- Jobs Growth Incentive Credit (Form JGI)
- Nonrefundable/Carryover Only
- Alternative Energy System Credit (Form ENRG-B)

- Alternative Energy Production Credit (Form AEPC)
- Biodiesel Blending and Storage Credit (Form BBSC)
- Geothermal System Credit (Form ENRG-A)
- Mineral and Coal Exploration Incentive Credit (Forms MINE-CERT and MINE-CRED)

Line 17 – Lump-sum tax and recapture taxes.

Report the total amount of lump sum tax and recapture taxes on this line.

Tax on Lump-Sum Distributions – Code: LS.

If you qualify on your federal return for special averaging of your lump-sum distribution and have not included it as ordinary pension income in federal taxable income, you must pay Montana income tax on this distribution.

Your Montana tax liability on the lump-sum distribution is 10 percent of the federal tax calculated on federal Form 4972. Part-year residents must calculate the tax on all lumpsum distributions received while a resident of Montana. Include a copy of federal Form 4972.

Use code LS to report your lump sum tax.

Recapture taxes. Some Montana code sections that allow deductions and/or tax credits have provisions requiring a recapture of the tax benefit you received in an earlier year, if you do not meet certain requirements in succeeding tax years. All taxpayers, resident or not, can be subject to recapture tax.

If you must report a recapture, report the appropriate two-letter code and amount on this line.

Endowment Credit Recapture Tax – Code: EC.

If the trust previously claimed an Endowment Credit for a gift that contributed to a qualified endowment and which it received the gift back, the trust must recapture the income tax liability reduced in a previous year. The trust must also include in its income any amounts that previously deducted as deduction on a previous year's tax return.

On this line, enter the amount of your Endowment Credit Recapture Tax and enter the code "EC" in the space indicated. If, in addition to your recapture tax, part of the amount that is recaptured was claimed as a charitable contribution in a prior year, include in your income on the Schedule I, line 2, any recoveries of this prior-year deduction that reduced your tax liability in the year of that deduction.

Other tax credits which have a recapture provision include:

- Biodiesel/Bio-lubricant Production Facility, Biodiesel Blending and Storage, and Oilseed Crushing Credit
- Family Education and ABLE account withdrawals
- Trades Education and Training Credit

Information on these recaptures is available in the instructions for Form 2, Individual Income Tax return. If any of these recapture provisions apply to the trust, report them on line 17 in the same manner outlined in the Form 2 instructions.

Line 18 – ESBT Tax. Complete Schedule IV and enter the amount from line 25 here.

Direct Deposit

Important: Direct Deposit is not available to taxpayers who are filing a Montana tax return for the first time.

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 is nine digits and your account number 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, U.S. Virgin Islands, Federated States of Micronesia, and Guam).

If your financial institution does not accept the direct deposit, we will mail you a refund check. A sample of a check is provided for your reference.

John Taxpayer
Jane Taxpayer
23 Main Street
Anyplace, MT 59000
Pay to the
Order of _____

Anyplace Bank
Anyplace, MT 59000

Routing Number: 123456789
Account Number: 9876543210

1234
\$ _____
Dollars

Do not include the check number in the account number.

Signature, Paid Preparer, and Third-Party Designee

The tax return is not complete unless it is signed by the fiduciary or an officer representing the fiduciary. Incomplete returns cannot be processed and require us to contact you for additional information.

If you have someone prepare your return, you are still responsible for the correctness of the return.

The act of filing electronically is the fiduciary's signature. If a fiduciary is filing the estate and trust tax return on paper, the tax return is not considered valid unless the fiduciary or an officer representing the fiduciary signs the tax return. Unsigned returns cannot be processed and require us to contact the fiduciary for a signature.

Paid Preparer

Signature. Anyone you pay to prepare your return must sign it. Someone who prepares your return but does not charge you should not sign your return.

PTIN. You must report the Preparer Tax Identification Number (PTIN) of the preparer in the space provided.

Authorization checkbox. To allow us to discuss your 2025 Form FID-3 with the paid preparer, mark the box below the field for the printed name and provide their phone number.

By selecting this box, you are authorizing the designee to:

- discuss your 2025 Form FID-3 return;
- give us any information that is missing from your return, such as a missing Form K-1;
- call us for information about the processing of the return or the status of the refund or payments; and
- respond to notices from us about math errors, offsets, and return preparation.

Note: the department will only send notices directly to you, not to the paid preparer.

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 us.

The authorization only lasts one year from the due date of the 2025 return (without regard to extensions) and is invalid for amended returns filed one year after the original due date. This is April 15, 2027, for most people.

Please be aware that you cannot revoke this authorization.

If you want to expand the paid preparer's authorization (for example, to verify any estimated payments you'll be making in the

future or to discuss other tax years), use Form POA (Power of Attorney, Authorization to Disclose Tax Information). Form POA is available at revenue.mt.gov, or you can submit a POA through our TransAction Portal (TAP) at <https://tap.dor.mt.gov>.

Schedule I – Adjustments to Everywhere Income and Montana Source Income

Montana Adjustments to Everywhere Income.

Some items of income and deductions may have a different treatment under Montana law than the federal treatment. Income exempt federally may be taxable by Montana and vice versa. Similarly, deductions allowable on the federal return may not be allowed in computing Montana income. An estate or trust may also be able to claim a deduction or subtraction not allowable federally. Schedule I is organized in three columns which consider different scenarios.

Column A is the result of the gross Montana adjustments minus the fiduciary expenses.

Column B represents the net amount of the item remaining with the trust.

Column C reports any portion of the item included in beneficiary distributions. These amounts should also be reported on the K-1(s) issued to beneficiaries.

The columns are not directly related to one another. Column A is not the total of B and C, and C is not the total of A and B. Report on column A the Montana net adjustments to federal income. For this scenario, these are the adjustments the fiduciary must recognize before any income distribution deduction. They must be net of fiduciary expenses using the same method to allocate fiduciary expenses for federal tax purposes.

If the total of Columns B or C are zero, then there is no deduction to report. Report on column B the net adjustments to Distributable Net Income (DNI) and on column C the net adjustments to actual distribution. When DNI and actual distributions are the same columns B and C will be the same.

Report on lines 1 through 3 the everywhere adjustments for each column and on lines 4 through 6 the Montana source adjustments. See below for a list of adjustments required by Montana law.

All fields on Schedule I are aggregates of Montana adjustments. To calculate these aggregates, use Worksheet I provided in these instructions and attach a copy with the return. Enter a brief description of the type of adjustment in the first column. Enter the gross amount of the adjustment in the next column. Report any fiduciary expenses associated with the item in the third column. Insert additional lines if necessary.

The adjustments listed below are the most common for fiduciaries. Please refer to the Individual Income Tax, Form 2 instructions for additional information for these adjustments.

Other adjustments are received from pass-through entities. Refer to your Montana schedules K-1 received for amounts and codes. If you received Schedules K-1 from pass-through entity that are not filing in Montana, you may have to request more information from that entity to identify Montana adjustments to federal adjusted total income.

Additions

Interest and Mutual Fund Dividends from State, County, or Municipal Bonds from Other States. Enter the interest and mutual fund dividend income that the estate or trust received from bonds and obligations of another state, territory, or political subdivision of another state (county, municipality, district, etc.).

State, local and foreign income taxes based on income and profits. This includes all state, local and foreign taxes reported on federal Form 1041, Page 1, line 11 and pass-through entity taxes paid by a partnership or S corporation to any state, including Montana, and deducted for federal tax purposes. Refer to state Schedules K-1 information received to aggregate the pass-through entity tax addition.

Taxes paid by an S corporation. If you are a shareholder in an S corporation that is required to pay a federal income tax on its income, include on this line the amount of your income that has been reduced by the federal income taxes paid

by your S corporation. Refer to your federal Schedule K-1 to determine the amount of income that you must include as an addition to your federal taxable income.

Recoveries. If the estate or trust claimed a deduction in a prior year that reduced Montana taxable income and the deduction was subsequently reimbursed, enter that reimbursement.

Dividends Not Included in Federal Total Income. Enter the amount of any dividends that the estate or trust received that are not already included in total federal income. Do not include qualified dividends since these are already in the total ordinary dividends reported on federal Form 1041, line 2a.

Other additions. Include a detailed statement.

Subtractions

Exempt Interest and Mutual Fund Dividends from Federal Bonds, Notes, and Other

Obligations. If you received interest on United States government obligations and mutual fund dividends attributable to that interest, you may subtract these amounts if they are included in your federal adjusted total income. U.S. obligations that are exempt include:

- Series E, EE, F, G, H, and I savings bonds
- U.S. treasury bills
- U.S. government notes
- U.S. government certificates

Interest on obligations that are only guaranteed by the U.S. government are not tax exempt. You cannot subtract the interest or mutual fund dividends attributable to Government National Mortgage Association (Fannie Mae) bonds, Federal National Mortgage Association (Fannie Mae), or Federal Home Loan Mortgage Corporation (FHLMAC) securities.

Recoveries of amounts deducted in earlier years included in federal taxable income that did not reduce Montana income tax. If you are required to include in your federal taxable income any recovery of amounts that were refunded to you after you claimed the deduction of the expense on a prior federal income tax return, and if this previous deduction did not reduce your Montana income tax liability in the year of that deduction, you can subtract the amount of this recovery from your federal taxable income.

Subtraction for working military retirees and military survivor benefits. Montana resident working military retirees may be eligible to subtract a portion of their military retirement income from Montana taxable income.

Also, beneficiaries receiving military survivor benefits under the U.S. Department of Defense's Survivor Benefit Plan can exempt up to 50% of their military survivor benefits. Eligible beneficiaries include spouses, eligible children, or an "insurable interest" as defined by the U.S. Department of Defense.

See the instructions for [Form 2](#) and [Form WMRE](#) for more information. If you claim this subtraction, you must include Form WMRE with your return.

Subtraction for Federal Taxable US Railroad Retirement Board Benefits. Enter all taxable and nontaxable pensions and annuities, including Tier II Railroad Retirement benefits included in the FID-3 Federal Adjusted Total Income, line 1. However, do not include any nontaxable rollovers and your cost or net investment.

Worksheet I – Schedule I Montana Adjustments

Adjustment Description	Gross Montana Adjustments	Fiduciary Expenses	A Net Adjustments to Federal Income	B Adjustments to Distributable Net Income	C Adjustments to Actual Distributions
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Adjustments to Everywhere Income

Additions

1 Total Additions

Subtractions

2 Total Subtractions

3 Total of Additions and Subtractions
to Everywhere Income

Adjustments to Montana Source Income

Additions

4 Total Additions

Subtractions

5 Total Subtractions

6 Total of Additions and Subtractions
to Montana Source Income

Schedule II – Tax on Montana Source Income

Unless all income is distributed currently, estates and trusts which checked either the “Nonresident” or “Resident part-year” boxes under “Residency Status” must complete Schedule II to determine the ratio of their Montana source income to income from all sources. One ratio is computed to apply to net long-term capital gains and a separate ratio for all other income.

To complete Schedule II, use Worksheet II in these instructions and attach a copy with your return.

Calculation lines for Schedule II.

Line 11. Line 11 is the ordinary income nonresident ratio that will reduce the fiduciary resident tax on ordinary income.

Line 12. Line 12 is the tax as a resident from the tax calculation on Page 3, line 12.

Line 13. Line 13 is the nonresident fiduciary tax on ordinary income resulting from the reduction of the tax as a resident by the nonresident ratio.

Line 15. Line 15 is the net long term capital gains nonresident ratio that will reduce the fiduciary resident tax on net long term capital gains.

Line 16. Line 16 is the net long term capital gains resident tax from Page 3, line 11.

Line 17. Line 17 is the nonresident fiduciary tax on net long term capital gains resulting from the

reduction of the net long term capital gains tax as a resident by the nonresident ratio.

Line 18. Add the nonresident taxes from lines 14 and 18 and report the total on Page 3, line 13.

Column C and F of the worksheet correspond to Columns A and B of the Schedule.

Worksheet II helps you determine the items of everywhere and Montana source income that are not distributed currently and that are taxable at the fiduciary level. Report on Column A, lines 1 through 11 and line 15, the total income received by the fiduciary before any income distribution deduction. That column should reflect federal Form 1041 Page 1. Report Montana adjustments from schedule I on line 9.

Report on column B the items of income and adjustments distributed to beneficiaries.

On column C, report the difference between column A and B.

On column D, report the Montana source items of income, adjustments from Schedule I, and excess business losses add-back received by the fiduciary before any income distribution deduction. On column E, report the Montana source items distributed to the beneficiaries. On column F, report the difference between column D and column E.

Worksheet II – Schedule II Income Allocation and Nonresident Tax Schedule

Resident trusts complete columns A, B, and C. Nonresident trusts complete all columns

	Everywhere Income of the Fiduciary			Montana Source Income of the Fiduciary		
	A Total Income	B Distributed to Beneficiaries	C Montana Everywhere Income of the Fiduciary	D Montana Source Income	E Montana Source Income Distributed	F Montana Source Income of the Fiduciary
1 Interest income						
2 Ordinary dividends						
3 Net short-term capital gains						
4 Unrecaptured section 1250 gains						
5 Other portfolio and nonbusiness income						
6 Ordinary business income						
7 Net rental real estate income						
8 Other rental income						
9 Adjustments from Schedule I, Column D (See instructions)						
10 Montana source excess business loss (income add back)						
11 Totals						
15 Net long-term capital gains						

Schedule III – Credit for Income Taxes Paid to Another State or Country

Resident and part-year resident estates and trusts are allowed a credit for income taxes paid to another state or country. The credit is a nonrefundable single-year credit and is limited to an income tax liability paid on net income that is also taxed by Montana. It cannot reduce the Montana tax liability below zero. No unused credit amount can be carried forward.

If the estate or trust paid tax to another state or country based on income subject to the Montana tax rates for ordinary income, complete lines 1 through 10. If the estate or trust paid tax to another state or country based on income subject to the Montana net long-term capital gains tax rates, complete lines 11 through 20.

If the estate or trust had income from a state that has no income tax, do not complete this schedule for that income.

If the estate or trust is required to file an income tax return in more than one state or country and it is entitled to the credit, complete a separate Schedule III for each state or country in which an income tax return was filed and tax was paid on the income that is also taxed to Montana. Additionally, credits may exist for both the S portion of an ESBT and the S portion of a non-ESBT reported on the same return. The fiduciary will need to complete a separate schedule for each state or country to which the estate or trust has paid an income tax liability. Complete a separate schedule for each state or country to which the S portion of an ESBT has paid an income tax liability.

The fiduciary cannot combine payments on one schedule. If more than one schedule is used, enter the total of line 21 from all schedules for estates and non-ESBTs on line 22 of the first schedule and on page 3, line 4.

Important: You are not entitled to this credit if the other state or country in which you filed an income tax return has allowed you a credit against the taxes that they have imposed on your net income because you are also subject to tax on the same income by Montana.

Shareholders of an S corporation or Partners in a Partnership. If the estate or trust is a shareholder of

an S corporation or a partner in a partnership, and the S corporation or partnership pays an income tax, excise tax, or franchise tax that was measured by and imposed on net income to another state (including composite tax paid on your behalf) or country, you can claim a credit for your share of these income taxes paid by the entity.

Other taxes paid by the S corporation or partnership. Other taxes paid – such as, but not limited to, franchise or license taxes, fees that are not imposed on or measured by net income, gross receipt taxes, or gross sales taxes – are not allowed.

When the estate or trust claims this credit for the taxes paid by a pass-through entity, it will have to add back to Montana income its share of the S corporation or partnership's federal tax deduction that is included in total income. This is required whether or not the S corporation or partnership separately or jointly stated the income tax deduction on the federal Schedule K-1.

Sourced and Taxable. In the instructions that follow, "sourced and taxable" means any income included in your Montana taxable income that must be reported to another state or foreign country in accordance with the other state's or country's rules, and that is not subject to an exemption. If the income is partially exempt, only the part that is nonexempt can be used for the calculation of this credit. On a practical level, income that is sourced and taxable to another state is found on the line after state specific additions and subtractions to federal adjusted gross income. In general, this line is labeled for the state-specific adjusted gross income.

Taxes Paid to Another Country. The estate or trust is not entitled to a Montana tax credit for taxes paid to a foreign country when a federal foreign tax credit is claimed. You cannot claim this credit and deduct the foreign tax from your Montana adjusted gross income.

Specific Line Instructions

If the estate or trust is a part-year resident, the fiduciary must allocate income using Form FID-3, Schedule II, before completing this worksheet. Only income sourced to Montana as a resident qualifies for the credit.

Do not include any amounts distributable and taxable to the beneficiaries.

Montana Ordinary Income Tax

Complete lines 1 through 10 to compute the credit for taxes paid by the estate or trust to another state or country for income taxed at the Montana ordinary income rates.

Do not include any net long-term capital gains in the calculation in this section. These are generally the amounts reported on form 1041, Schedule D, line 18a.

Line 1. This amount may differ from what you calculated as your total taxable income on the other state's form.

For example, a trust had rental income in both Utah and Montana during the year. The trust's total rental income was \$50,000, with \$10,000 earned in Utah. Enter only the Utah sourced rental income of \$10,000 on line 1. Do not include income on this line that is not taxable in Montana.

Line 2. Enter the total income sourced and taxable to the other state or country. See ["Sourced and Taxable" on page 14](#) to find the appropriate amount of income on another state's return.

Line 3. Compute the ordinary income sourced to Montana and taxable to the estate or trust. For trusts classified as a resident for the full year, enter the total income from form 1041, line 9 excluding net long-term capital gains on line 3a. Enter any expenses directly related to the income and included in Form 1041, lines 10 through 15b on line 3b.

Line 4 – Tax Paid to Another State or Country. Enter the actual tax liability paid by you or on your behalf to the other state or country. This amount comes from either a fiduciary tax return you filed, or a composite tax return filed on your behalf by a partnership or S corporation.

Important: Do not include any penalties and interest paid to the other state or country.

Line 5 – Montana ordinary income tax. Residents enter the amount on line 12 from the Fiduciary Income Tax calculation on page 3 of Form 2. Part-year residents enter the amount from Schedule II, line 13.

Line 7. If the estate or trust claimed a credit for taxes paid to another country for federal tax purposes, the estate or trust cannot claim a state credit for taxes paid to another country.

Montana Net Long-term Capital Gains tax

Line 11. Enter the net long-term capital gains sourced and taxable to Montana. For a resident trust, this is all taxable net long-term capital gains. For trusts that are part-year residents, this is the capital gains recognized while considered a resident of Montana.

Line 12. Enter all net long-term capital gains sourced and taxable to another state or country and enter the state's abbreviation.

Line 14. Enter the actual tax liability paid by you or on your behalf to the other state or country. This amount comes from either a fiduciary tax return you filed, or a composite tax return filed on your behalf by a partnership or S corporation.

Important: Do not include any penalties and interest paid to the other state or country.

Line 15. Residents enter the amount on line 11 from the Fiduciary Income Tax calculation on page 3 of Form 2. Part-year residents enter the amount from Schedule II, line 18.

Schedule IV – ESBT S Portion Income Tax

Complete Schedule IV if a trust or a portion of a trust is an electing small business trust (ESBT). Only report the activity of the ESBT on Schedule IV. Report activity of the non-ESBT portion of the trust on Form FID-3 and other applicable schedules.

If the trust is a shareholder in an S Corporation that receives Montana source income. S corporations receiving Montana source income must file Form PTE and issue a Montana Schedule K-1 (PTE). If the trust is a resident trust and it is a shareholder in an S corporation that does not receive any Montana source income, contact the S corporation representative to receive information about items subjects to Montana adjustments. In this case we highly recommend the S corporation files a Montana return.

Line 1 – Total Federal Adjusted ESBT Income. Enter total federal adjusted ESBT income as determined on the separate statement prepared for the federal estate and trust income tax return. Include the federal statement and federal Schedules K-1 received from S corporations with the Montana tax return.

Line 2 and 3 – Montana adjustments to ESBT Income. If the ESBT received Montana Schedules K-1 (PTE), include the amounts from Part 3, column I, line 1 and 2 on the respective lines.

Line 13. Resident tax on net long-term capital gains. This is the Montana income tax liability on net long-term capital gains.

Note: Resident trusts leave lines 14 through 16 blank and skip to line 17. Nonresident and part-year resident trusts complete lines 14 through 16.

Line 17 Resident tax on ordinary income. This is the Montana income tax liability on ordinary income.

If the ESBT Taxable Income is			
More Than	But Not More Than	Multiply the Taxable Income By	And Subtract
\$0	\$21,100	4.7% (0.010)	\$0
More than \$21,100		5.9% (0.059)	\$253

Note: Resident trusts leave lines 18 through 21 blank and skip to line 22. Nonresident and part-year resident trusts complete lines 14 through 21.

Line 23 – Nonrefundable tax credits. Enter any nonrefundable tax credits received from the S corporations. For more information, see [Beneficiary's Instructions for Montana Schedule K-1 \(Form FID-3\)](#), Part VI.

Line 24 Endowment Credit recapture. If during the tax year, a charitable gift attributable to a Endowment Credit claimed in a prior year is recovered, report the amount of credit used as a recapture tax.

Schedule V – Reporting of Special Transactions and Amended Return Information

Part I – Reporting of Special Transactions

Complete this part only if the estate or trust filed any of the federal income tax forms described below.

- Form 8918 – Material Advisor Disclosure Statement
- Form 8824 – Like-Kind Exchanges
- Form 8865 – Return of U.S. Persons With Respect to Certain Foreign Partnerships
- Form 8886 – Reportable Transaction
- Disclosure Statement

Mark the appropriate boxes indicating which forms you filed with the Internal Revenue Service. If you answered any statements “Yes,” the fiduciary must include a copy of the applicable form.

Part II – Amended Return.

Check the appropriate boxes. When amending a return, check the appropriate boxes reflecting the reasons why you are amending your return. In the table, provide information about the lines you corrected that result in a change to your taxable income or to the credits you are claiming.