**Montana Individual Tax Booklet Changes**  Published 3-14-2019

On page 21:

If the combined amount of federal tax withheld (line 4a) and the federal estimated tax payments (line 4b), is more than the sum of all the taxes listed above on your 2018 federal Form 1040, the difference represents payments you made for taxes that are not deductible federal income taxes. You *may* reduce the amount you can report on lines 4a and 4b by this difference beginning with the amount on line 4b.

On page 38:

The worksheet for late payment penalty is referencing the wrong line of the worksheet:

|  |  |
| --- | --- |
| 11  | **Late payment penalty:** If applicable, multiply line 7 by ~~line 9~~ line 5, and by 0.000164. Enter the result or 12% of line 4, whichever is smaller, on this line |

**Regarding Individual tax returns already filed deducting federal income taxes paid without this limitation.**

Our intention was to offer this direct limitation method as an alternative to the recovery method which requires a calculation spread over two tax years. Both the direct limitation method or the recovery method can be applied.

* The Form 2 booklet instructions clarify that tax practitioners can use either method. The department recommends reminding taxpayers that the recovery method may require a recovery amount the next year.
* Montana tax returns already filed do not need to be amended. The recovery worksheet for tax year 2019 will account for both methods.