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5	Monitaria Department of FTB Rev 05 19	
5	REVENUE Rev 05 19	
7	2019 Montana First-time Home Buyer Savings Account	
3	Annual Reporting Information for Self-administered Accounts	
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0	<u>15-63-101 through 15-63-205, MCA</u>	1
1	irst Name and Initial Last Name Social Security Number	1
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5	ame and address of the financial institution where your Montana first-time home buyer savings account is established:	
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	our Montana first-time home buyer savings account number	
	Part I. Allowable exclusion calculation	
	1. Current year deposits (Column A if using FTB-Worksheet)	
	2. Deposits from prior years not previously excluded	
1	3. Add lines 1 and 2 3.	- 2
	4. Enter the lesser of the amount on line 3 or \$3,0004.	
	5. Interest and other income (Column B if using FTB-Worksheet)	
	6. Add lines 4 and 5. This is your Montana First-time Home Buyer Savings Account exclusion.	
	Enter this amount on Form 2, Montana Subtractions Schedule, line 16	
	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	
	Part II. Nonqualified withdrawals	
	1. Nongualified withdrawals (Column D if using FTB+Worksheet)	
	Enter this amount on Form 2, Montana Additions Schedule, line 7.	
	2. Enter the withdrawals on line 1 made on the last business day in 2019	
+	3. Subtract line 2 from line 1	
	4. Multiply the amount on line 3 by 10% (0.10). Enter this amount on Form 2, Contributions,	
	Penalties, and Interest Schedule, line 5. This is your penalty	
	ne Montana First-time Home Buyer Savings Account Worksheet (FTB-Worksheet) is available to help you reconcile the	4
	ctivity on this form. It provides a log to track deposits, withdrawals, fees and other transactions. It is not required to be	
	ompleted or included with your tax return. (The FTB-Worksheet follows the instructions for this form.)	
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_	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	
_	present that you have retained the required documents in your tax records and will provide them upon the department's request.	
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Form FTB Instructions

Purpose of this form. A resident who establishes a firsttime 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 2019?

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 2019 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 10 years. The funds you have in your Montana firsttime 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 2019 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 firsttime 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

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	Account Holder					
	Financial Institution					
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	Account Number			or Year Ended		
			vals and Other 1			
+	Date Description	Column A Deposit	Column B Interest and	Column C Qualified	Column D Nongualified	Column E Fees and
		Amount	Other Income	Withdrawals	Withdrawals	Other Charges
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	Totals					
		Accour	nt Reconciliation		+++++++++++++++++++++++++++++++++++++++	
	1. Beginning balance, If this is a new acco	uni, enter 0	╵┪╍╁╍┝╍╁╍┝╍┼╍┝╍┼╍┝╍┼			
	2. Total deposits (Column A)	D)	****			
	3. Total interest and other income (Column	в)	•••••	3.		
	4. Add lines 2 and 3			······································	4.	
	5. Total withdrawals (Add Columns C and I			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 s	subtract line	e 7	••••••••	8.	
	The worksheet is provided to help you track a	and record	the information rela	ated to your first	-time home buv	er savings
	account. You are not required to use this wor					Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y
	If your tax return is selected for review becau	se you clai	med the deduction	for deposits inte	o a first-time hoi	me buyer
	savings account, this worksheet can be subn	nitted as a s	summary. Howevei			
	information such as copies of bank statemen	ts and can	celled checks.			
	Questions? Please call us at (406) 444-690			r the hearing im	paired, or acces	
	the Montana State University Extension Mon					
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