

INSTRUCTIONS FOR ELDERLY HOMEOWNER/RENTER CREDIT FORM 2EC

The Montana Elderly Homeowner/Renter Credit is a property tax relief program that provides a refundable tax credit of up to \$1,000. To claim this credit, you must live in a household where the total income of **all household members** is less than \$45,000 for that year, be 62 or older, have lived in Montana for more than nine months during the tax year, and occupied a Montana residence as a renter, owner or lessee for a total of six months or more during the year.

The total amount of income from all household members used to determine your eligibility is called "gross household income." Gross household income does not always equal the taxable income that individuals report on their Montana income tax return. It also includes income that is normally not taxable. Part II of these instructions provides a list of the income that must be included in gross household income.

You can claim this credit directly on this return if you are not required to file a Montana individual income tax return (Form 2). If you are required to file Form 2, you must provide names, addresses and social security numbers on the Form 2EC that you include with Form 2.

If either spouse died during the claim year, enter the date of death in the appropriate box. If filing an individual tax return is not required and this claim is for either a deceased individual or a married couple who are both deceased, please include federal Form 1310.

PART I – QUALIFICATIONS

You need to answer "Yes" to all four statements before you apply. Any "No" answer means you are not eligible for the credit.

Even though you may be eligible for the credit after completing Parts II and III of this form, you still may not be entitled to receive any credit. Note that only one claim is allowed per household and that married taxpayers who are living apart may qualify for only one credit per year.

Age 62 Test. If you were 62 or older as of December 31, 2017, you can answer "Yes" to this statement. If you are married and both spouses own or rent your residence, only one of you has to meet the age requirement.

Six-Month Test. You can answer "Yes" to this question as long as you have occupied one or more residences as an owner and/or renter for six months or more during the year.

Nine-Month Test. You must have lived in Montana for nine months or more during the year to answer "Yes." If you are the personal representative of the estate of an eligible individual who died during the year, you cannot claim this credit if that individual died before October 1, 2017. If you are married filing this claim with your spouse and if your spouse, who would have been the only eligible individual, dies before October 1, 2017, you are not eligible for this credit. You are eligible only if, as a surviving spouse, you are

age 62 or older and you can continue to answer "Yes" to the other statements.

Gross Household Income. If your gross household income was less than \$45,000, you can answer "Yes." Your gross household income includes all income received by all individuals in the household. Use the worksheet on page 2EC-2 to calculate your Gross Household Income.

PART II – NET HOUSEHOLD INCOME

Enter your gross household income on line 1. This is all the income received, taxable and nontaxable, by all individuals who live in your household. This includes, but is not limited to, the income of adult children and unrelated individuals living in your household. In addition to federal adjusted gross income, the following are examples of items that **are included** in gross household income:

- Pension and annuity income (this includes railroad retirement)
- Disability benefits including, but not limited to, veteran's disability, SSI payments and workers' compensation
- Any capital gains that you excluded from your Montana adjusted gross income, such as the gain from the sale of your primary residence
- Alimony and support payments
- Nontaxable strike benefits
- Cash, public assistance and relief - Do not include LIEAP (Low Income Energy Assistance Program) or SNAP (Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program)
- Interest on federal, state, county and municipal bonds
- All social security payments except those paid directly to a nursing home
- Elderly homeowner/renter credit allowed or other federal or state refundable credits
- Long term care insurance benefits

You may have a basis (the amount you invested) in some items above. If applicable, you may reduce the amount received as an item of income by your basis in that item. For example, if you paid \$50,000 for the ownership of a primary residence, \$50,000 is your basis. If you sell that residence for \$80,000, your gross household income only includes the gain of \$30,000 (\$80,000 sales price minus \$50,000 basis).

If you received pension or annuity income or a distribution from a traditional IRA, include the federally taxable amount as shown on your Form 1099.

Do not reduce your gross household income by any losses that you included in your federal adjusted gross income.

The following Gross Household Income Worksheet can be used to help you calculate your gross household income.

| Gross Household Income Worksheet | |
|--|--------|
| Income Source (taxable and nontaxable) | Amount |
| 1. Wages, salaries, bonuses, tips, etc. | |
| 2. Business, partnership, rent, royalties (do not include losses). | |
| 3. Dividends, interest (including interest from federal, state, county and municipal bonds) and capital gains (do not include capital losses). | |
| 4. Any federal or state refundable credits including the 2EC credit. | |
| 5. Alimony, cash public assistance, unemployment. | |
| 6. Pension, annuities, IRA distributions, benefits from railroad retirement, public employee's retirement, veteran's disability and social security (do not include social security income paid directly to a nursing home). | |
| 7. Income from any source or other household members not included above | |
| 8. Add lines 1 through 7; enter the total here and on Form 2EC, line 1. This is your gross household income. | |

Line 4 – Household Income Reduction Table

| If your household income on line 3 is: | | |
|--|-------------------|--------------------|
| At least | But not more than | Your multiplier is |
| \$0 | \$1,999 | 0.000 |
| \$2,000 | \$2,999 | 0.006 |
| \$3,000 | \$3,999 | 0.016 |
| \$4,000 | \$4,999 | 0.024 |
| \$5,000 | \$5,999 | 0.028 |
| \$6,000 | \$6,999 | 0.032 |
| \$7,000 | \$7,999 | 0.035 |
| \$8,000 | \$8,999 | 0.039 |
| \$9,000 | \$9,999 | 0.042 |
| \$10,000 | \$10,999 | 0.045 |
| \$11,000 | \$11,999 | 0.048 |
| \$12,000 and greater | | 0.050 |

PART III – CREDIT COMPUTATION

Enter the physical address of the residence you are basing your claim on if it is different than the mailing address shown on this form or your Form 2. If you had multiple residences during the year, enter the address of the one you occupied the longest. You need to include a copy of your 2017 property tax bill and/or your signed rent receipts when you file Form 2EC. If you are unable to get signed rent receipts, a statement detailing the rent paid during the year signed by your landlord is an acceptable substitute. If you are filing electronically, you do not need to send us your property tax bill or rent receipts. When you file electronically, you represent that you have completed Form 2EC, retained the

required documents in your tax records and will provide those documents to us upon request.

Line 6 – Property Tax Billed

Report the amount of taxes, special assessment and fees that were billed on the property tax statement. Do not report the amount of property tax you actually paid.

You are allowed only the property tax billed on your primary residence and up to one acre of land that is associated with this residence. If the one-acre farmstead or primary acre is not separately identified on your tax bill and if your ownership is less than 20 acres, your property tax to be used in the credit calculation is the larger of: total amount of property tax billed multiplied by 80%, or total amount of property tax billed divided by the total acreage.

If your property tax bill is on property that you held in a revocable trust and if you are the grantor(s) and trustee(s) of that property, you can qualify for this credit. If your property taxes are billed to your living trust or life estate, you can qualify for this credit. If the property occupied by you is in a name other than your own, the property taxes billed for that property can qualify as rent only.

Line 7 – Rent Equivalent Paid

Your rent is only the amount of money that you paid to occupy your home. If you live in a health care, long-term care, personal care or residential care facility, the rent allowed is the actual out-of-pocket rent that you paid, excluding services provided by staff, that is board expenses such as meals, housekeeping, transportation and medical or paramedical expenses such as nursing care, assisted living care and memory care. The out-of-pocket rent can be determined using a facility statement providing the breakdown between rent and these amenities, or by deducting from your total payments some proportional amount representing board and/or care as follows.

| | | |
|----|---|--|
| 1. | Total payment to the facility | |
| 2. | Multiply 1 by 20% if you received board services on a continuous basis (meal, housekeeping, laundry, transportation, entertainment) | |
| 3. | Multiply line 1 by 30% if you received care on a continuous basis (nursing care, assisted living care, memory care) | |
| 4. | Out-of-Pocket Rent, deduct lines 2 and 3 from line 1 | |

If you wish to claim the credit for a previous tax year still open and you were living in a long term care facility, you must use the rules that applied during these years. Refer to the instructions of each tax year.

Do not use rent you pay for an apartment or a facility that is exempt from property tax because the credit is not allowed in these situations. Verify with your landlord or facility that the property is subject to property taxes beyond assessments such as sewer and garbage fees. You may also contact us for assistance in determining if the property is exempt from property tax. Items that also should not be included as rent equivalent paid on line 7 are as follows (this list is not all inclusive):

- Mortgage payments, including mortgage interests
- Nursing home costs that are paid directly from social security to the facility
- Rent paid for you by a rental assistance program (this amount should also not be included in your gross household income)

Line 12 – Credit Multiplier Table

| If the amount on line 1 is: | Enter this figure on line 12: |
|-----------------------------|-------------------------------|
| Less than \$35,000 | 1.00 (100%) |
| \$35,000 to \$37,500 | 0.40 (40%) |
| \$37,501 to \$40,000 | 0.30 (30%) |
| \$40,001 to \$42,500 | 0.20 (20%) |
| \$42,501 to \$44,999 | 0.10 (10%) |
| \$45,000 and greater | 0.00 (0%) |

SIGN AND FILE YOUR RETURN

Direct Deposit

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 will be nine digits and your account 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.

If your financial institution does not accept the direct deposit or if the direct deposit information that you provided is incomplete, we will mail you a refund check.

Sign Your Credit Claim

This form is not considered a valid claim unless you sign it. If you are filing a joint claim, your spouse must also sign. If you have someone prepare your Form 2EC, you are still responsible for the correctness of the claim.

Electronic Signatures

If you are filing your claim electronically, you are not required to actually sign your claim. The act of filing your claim electronically signifies your declaration, under the penalty of false swearing, that you are the taxpayer identified in the claim and that the information in the claim is true, correct and complete.

Filing electronically, with this declaration, is your signature.

Daytime Phone Number

Providing your daytime phone number may help speed the processing of your claim. We may have questions about items on this form. Your answer may allow processing your claim without mailing you a letter. If you are filing a joint claim, you can enter either your or your spouse's daytime phone number.

Paid Preparer

Anyone you pay to prepare your claim must sign it and include his or her Preparer Tax Identification Number (PTIN) in the space provided. Preparers should have a PTIN, but the preparer's Social Security Number (SSN) may be used when the paid preparer does not have a PTIN. The paid preparer must also include his or her firm's Federal Employer Identification Number (FEIN), if applicable. The preparer must give you a copy of this form for your records. Someone who prepares your claim but does not charge you should not sign your claim.

Third Party Designee

If you want to allow your preparer, a friend, a family member or any other person you choose to discuss your 2017 Form 2EC with the department, mark the "Yes" box in the bottom of the signature block. You must also enter the designee's printed name and phone number. If you do not complete this section in its entirety, we cannot discuss your claim with a third party.

If you mark the "Yes" box, you, and your spouse if filing a joint claim, are authorizing the department to call the designee to answer any questions that may come up during the processing of your claim. You are also authorizing the designee to:

- Give the department any information that is missing from your claim;
- Call the department for information about the processing of your claim or the status of your refund;
- Receive copies of notices or transcripts related to your claim, upon request; and
- Respond to notices from the department about math errors, offsets and claim preparation.

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 the department. If you want to expand the designee's authorization, please view information about granting someone power of attorney at revenue.mt.gov.

The authorization automatically ends no later than the due date (without regard to extensions) for filing your 2018 return. This is April 15, 2019, for most people.

File Your Form 2EC

File Form 2EC with your Form 2, or alone if you are not required to file a Montana tax return, through our website. For further information on filing Form 2EC electronically, visit our website at revenue.mt.gov.

If you choose not to file electronically and you are not required to file Montana Form 2, mail your Form 2EC to:

Montana Department of Revenue
PO Box 6577
Helena, MT 59604-6577

How can I find out more about this credit or other tax matters, such as property tax relief?

Call us at (406) 444-6900 or visit our website at revenue.mt.gov.