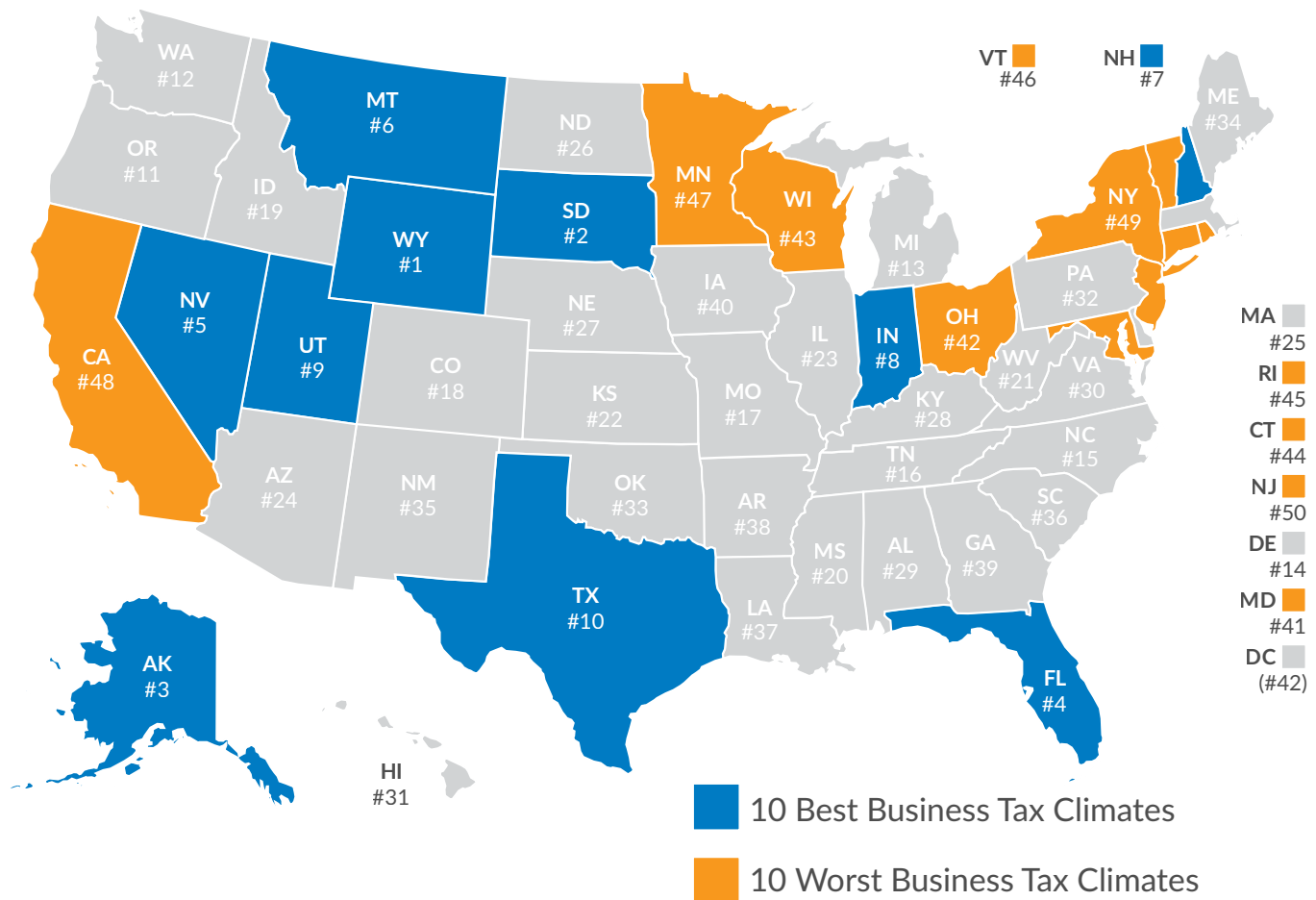


# MONTANA TAX STRUCTURE

## MONTANA RANKINGS FROM THE TAX FOUNDATION

*Experience our friendly business climate in Montana, where our tax code ranks as one of the best for businesses in the country.*

- 6<sup>TH</sup> in the Tax Foundation's State Business Tax Climate Index for 2016  
[www.taxfoundation.org/article/2016-state-business-tax-climate-index](http://www.taxfoundation.org/article/2016-state-business-tax-climate-index)



### SALES TAX

Montana has no sales tax, which is an obvious benefit to retailers. Thus, the state ranks 10th for both mature and new retail establishments. The lack of a sales tax also reduces the tax cost of purchasing equipment and machinery.  
<http://taxfoundation.org/state-tax-climate/montana>

### INVENTORY TAX

Montana has no inventory tax.

## MONTANA TAX STRUCTURE

### CORPORATION LICENSE TAX

Montana ranks third for mature corporate headquarters, with a tax burden nearly 40 percent below the national average. The lack of a state sales tax is one of the contributing factors in this top ranking. The operation also has a modest income tax burden due to the state's relatively low 6.75 percent corporate tax rate and three-factor apportionment formula.

Please visit the Montana Department of Revenue for more information on the Corporation License Tax: [revenue.mt.gov/forbusinesses/taxes\\_licenses\\_fees\\_permits/Corporation\\_License\\_taxes/corptax.mcp](http://revenue.mt.gov/forbusinesses/taxes_licenses_fees_permits/Corporation_License_taxes/corptax.mcp)

### PROPERTY TAX

In Montana, most real estate, improvements, and personal property are appraised and taxed. Property tax liability is calculated based on property, tax rates and calculation formulas established by the legislature. Currently, eleven classes of property are taxed. These property classes include metal and non-metal mines; agriculture land; residential, commercial, and industrial land and improvements; business equipment; forest land; various utilities and more. Property owned by companies that is single and continuous and is in more than one county (such as railroads, telecommunications, electric utilities and pipelines) is centrally assessed.

The Montana Department of Revenue provides detailed information on the eleven different classes of property and how those taxes are assessed. The following calculations are used to determine general property tax: Value X Tax Rate = Taxable Value and Taxable Value X Mill Levy = General Property Tax

### INDIVIDUAL INCOME TAX

In Montana, income is taxed according to a graduated rate structure with rates ranging from 1% to 6.9% of taxable income. Like most other states, Montana's income tax substantially relies on federal tax code. Taxable income is derived from gross income by making certain adjustments and taking a variety of allowable deductions and exclusions. Montana residents are taxed on all income, regardless of source, with the exception that Montana law exempts certain types of income. Part-year residents and nonresidents

are taxed on all income derived from or connected to, Montana sources. Additionally, part-year residents are taxed on all non-Montana source income generated during or attributable to the period of the tax year in which they resided in Montana.

### FEDERAL TAX BURDENS AND EXPENDITURES: MONTANA IS A BENEFICIARY STATE

Per dollar of federal taxes paid, Montana taxpayers receive more federal funding compared to the average state.

SUBJECT TO PROPERTY TAX	MONTANA
Production Machinery & Equipment	Yes
Non-Production Machinery & Equipment	Yes
Pollution Control Equipment	Yes
Computer Hardware	Yes
Computer Software, Standard	Yes
Telecommunications Equipment	Yes
Office FF&E	Yes
Office Supplies	Yes
<b>Intangible Property Tax</b>	<b>Montana</b>
Yes or No	No
<b>Sales/Use Tax</b>	<b>Montana</b>
Maximum State Rate	0.000%
Maximum Local Add-on	0.000%
<b>Corporate Income Tax</b>	<b>Montana</b>
Maximum State Tax Rate	6.75%
<b>Personal Income Tax</b>	<b>Montana</b>
Maximum State Tax Rate	6.9%
Taxable Base	\$16,000