

Tax update

Here are a few tax reminders regarding your 2020 taxes.

The tax filing deadline for IRS and Montana returns has been extended until May 17th.

There are several benefits under Montana tax law for seniors. One is the ability to **exclude up to \$800 in interest income** (\$1,600 for married couples) as long the taxpayer or one spouse is at least 65 years old. Some senior taxpayers may also **exclude up to \$4,370 of pension**, IRA or annuity income. To qualify for the full exclusion, the adjusted gross income of the taxpayer(s) must not be more than \$36,420. A partial exclusion may be available for incomes up to \$38,605. Filing married separate instead of married joint may help some married couples that each have this income maximize this exclusion. Here is a worksheet to figure out if you are eligible for this exclusion.

Form 2--Page 6--2020

Social Security Number

Partial Pension, Annuity, and IRA Income Exemption

Worksheet

- 1 Maximum exclusion amount
- 2 Pension, annuity, and IRA income. Enter the sum of page 1, line 4b and line 5b, reduced by any amount reported on Subtractions Schedule, line 34.
If you are married filing jointly, complete a column for each spouse as if filing separately.
- 3 Enter the smaller of line 1 or line 2. If you are married filing jointly, enter the sum of the smaller of line 1 or line 2 for each spouse in Column A.
- 4 Enter your Federal Adjusted Gross Income from page 1, line 11.
- 5 Federal Adjusted Gross Income limitation amount
- 6 Subtract line 5 from line 4 and multiply the result by 2 (x 2). If less than zero, enter 0.
- 7 Partial pension, annuity, and IRA income exemption. Subtract line 6 from line 3.
If less than zero, enter 0. Enter the result on Subtractions Schedule, line 35 (See page 5).
This is your partial pension, annuity and IRA income exemption.

	A	B
1	4 3 7 0 00	4 3 7 0 00
2	00	00
3	00	00
4	00	00
5	3 6 4 2 0 00	3 6 4 2 0 00
6	00	00
7	00	00

Note: Column A is for filing statuses Single, Head of Household and Married Joint. Column B is for Spouse if filing Married Separate.