# SENATE BILL NO. 242

# INTRODUCED BY GAGE, TOWE

# BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

# IN THE SENATE

January 21, 1983	Introduced and referred to Committee on Taxation.
February 17, 1983	Committee recommend bill do pass as amended. Report adopted.
February 18, 1983	Bill printed and placed on members' desks.
February 19, 1983	Second reading, do pass.
February 21, 1983	Correctly engrossed.
February 22, 1983	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.
IN THE H	OUSE
February 28, 1983	Introduced and referred to Committee on Taxation.
March 11, 1983	Committee recommend bill be concurred in. Report adopted
March 14, 1983	Second reading, concurred in as amended.
March 15, 1983	Third reading, concurred in.

# IN THE SENATE

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March	16,	1983	Returned to Senate with amendments.
March	17,	1983	Second reading, amendments concurred in.
March	18,	1983	Third reading, amendments concurred in.
			Sent to enrolling.
			Reported correctly enrolled.

\_ BILL NO. 242 1 INTRODUCED BY \_ 2 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND 5 6 CLARIFY LAWS PERTAINING TO INCOME TAXATION OF ESTATES, 7 PROPERTY HELD IN TRUST, AND BENEFICIARIES OF ESTATES OR TRUSTS; AMENDING SECTION 15-30-135, MCA; PROVIDING AN 8 9 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE." 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 15-30-135, MCA, is amended to read: 12 "15-30-135. Tax on beneficiaries or fiduciaries of 13 estates or trusts. (1) A tax shall be imposed upon either 14 the fiduciaries or the beneficiaries of estates and trusts 15 as hereinafter provided, except to the extent such estates 16 and trusts shall be held for educational, charitable, or 17 religious purposes, which tax shall be levied, collected, 18 and paid annually with respect to the income of estates or 19 of any kind of property held in trusty including: 65 (a) income received by estates of deceased persons 21 during the period of administration or settlement of the 22

23 estate;

(b) income accumulated in trust for the benefit ofunborn or unascertained persons or persons with contingent

1 interests;

(c) income held for future distribution under the
 terms of the will or trust; and

4 (d) income which is to be distributed to the 5 beneficiaries periodically, whether or not at regular 6 intervals, and the income collected by a guardian of an 7 infant, to be held or distributed as the court may direct<del>;</del> 8 and

9 (e)--income---of---an---cstate--during-the-period-of udministration-or-settlement-permitted-by-subsection-(3)--of 11 this--section--to--be--deducted-from the net-incomey-the-tax 12 with-reference-to-which-is-to-be-poid-by-the-fiduciary-

13 (2) The fiduciary shall be responsible for making the 14 return of income for the estate or trust for which he acts. 15 whether the fiduciary or the beneficiaries be are taxable 16 with reference to the income of such estate or trust. The 17 net-income-of-an-estate-or-trust-shall-be--computed--in--the 18 same---manner--and--on--the--same--basis--as-provided-in-this 19 chapter-for-individual-taxpayersy-except--that--there--shall also--be-allowed-as-a-deduction-any-part-of-the-gross-income 20 21 whichy-pursuant-to-the-terms-of-the-will--or--deed--creating 22 the--trusty--is-paid-to-or-heid-for-the-United-States-or-any 23 statey-territoryy-or-any-political--subdivision--thereof--or 24 the Bistrict of Columbia: In cases under subsections (a) and 25 (d) and-tet of subsection (1) of-this-section, the fiduciary

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shall include in the return a statement of each
 beneficiary's distributive share of such net income, whether
 or not distributed before the close of the taxable year for
 which the return is made.

5 (3) In cases under subsections (a), (b), and (c) of 6 subsection (1) of-this-section, the tax shall be imposed 7 upon the fiduciary of the estate or trust with respect to the net income of the estate or trust and shall be paid by 8 9 the fiduciary\_-except-that-in-determining-the-net-income-of 10 the--estate--of--any--deceased--person--during-the-period-of 11 administration-or-settlementy--there--may--be--deducted--the 12 amount--of--any--income--properly--paid--or--eredited-to-any 13 legateev-heiry-or-other--beneficiaryw--In--such--casesy--the 14 fiduciary--of--the-estate-or-trust-shall-be-allowed-the-same exemptions-as-are-allowed-to-single-persons-under--15-30-112 15 and-the-fiduciory-of-any-estate-or-trust-created-by-a-person 16 17 not--a--fesident--of-an-estate-of-a-person-not-a-resident 18 shall-be-subject-to-an-tax--only--to--the--extent--to--which 19 individuals-other-than-residents-are-liable-under-15-30-131v 20 <del>{+}---{a}-There----shall--be--allowed---as---additional</del> deduction-in-computing-the-net-income-of-the-estate-or-trust 21 22 the-amount-of-the-income-of-the--estate--or--trust--for--its 23 taxable--year--which--is--to-be-distributed-currently-by-the 24 fiduciary-to-the-beneficiaries-and-the-amount-of-the-income 25 collected-by-a-guardion-of-an-infanty-which-is-to-bc-held-or

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2	a <del>llowed-as-a-deduction-shall-be-includedincomputi</del> ngthe
3	n <del>etincome-of-the-beneficiaries-whether-distributed-to-them</del>
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5	subsectionshallnotbeallowedasadeductionunder
6	subsection-{4}{b}ofthissectioninthesameorany
7	succeeding-taxable-years
8	<del>{b}Inthecaseofincomere</del> ce <del>ivedby-estates-of</del>
9	<del>deceased-persons-duringtheperiodofadministrationor</del>
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18	beincludedincomputingthenet-income-of-the-legateer
19	he <del>iry-or-b<b>eneficio</b>ry</del>
20	<del>(c)</del> If the taxpayer's net income for <del>such <u>the</u> taxable</del>
21	year <u>of the estate or trust</u> is computed upon the basis of a
22	period different from that upon the basis of which the net
23	income of the estate or trust is computed, then his
24	distributive share of the net income of the estate or trust
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for any accounting period of such estate or trust ending

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within the fiscal or calendar year shall be computed upon the basis on which such beneficiary's net income is computed. In such cases, a beneficiary not a resident shall be taxable with respect to his income derived through such estate or trust only to the extent provided in 15-30-131 for individuals other than residents.

7 (5)(4) The fiduciary of a trust created by an employer 8 as a part of a stock bonus, pension, or profit-sharing plan 9 for the exclusive benefit of some or all of his employees; 10 to which contributions are made by such employer or 11 employees, or both, for the purpose of distributing to such 12 employees the earnings and principal of the fund accumulated 13 by the trust in accordance with such plan, shall not be 14 taxable under this section, but any amount contributed to 15 such fund by the employer and all earnings of such fund 16 shall be included in computing the income of the distributee 17 in the year in which distributed or made available to him. 18 +6+(5) Where any part of the income of a trust other 19 than a testamentary trust is or may be applied to the 20 payment of premiums upon policies of insurance on the life 21 of the grantor (except policies of insurance irrevocably 22 payable for the purposes and in the manner specified 23 relating to the so-called "charitable contribution" deduction) or to the payment of premiums upon policies of 24 25 life insurance under which the grantor is the beneficiary,

such part of the income of the trust shall be included in
 computing the net income of the grantor."

3 <u>NEW SECTION</u>. Section 2. Computation of net income of 4 estates or trusts. (1) Except as otherwise provided in this 5 chapter, "gross income" of estates or trusts means all 6 income from whatever source derived in the taxable year, 7 including but not limited to the following items:

(a) dividends;

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9 (b) interest received or accrued, including interest
10 received on obligations of another state or territory or a
11 county, municipality, district, or other political
12 subdivision thereof, but excluding interest income from
13 obligations of:

14 (i) the United States government or the state of 15 Montana;

16 (ii) a school district; or

17 (iii) a county, municipality, district, or other
18 political subdivision of the state;

19 (c) income from partnerships and other fiduciaries;

20 (d) gross rents and royalties;

21 (a) yain from sale or exchange of property, including

22 those gains that are excluded from gross income for federal

23 fiduciary income tax purposes by section 641(c) of the

24 Internal Revenue Code of 1954, as amended;

25 (f) gross profit from trade or business; and

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(g) refunds recovered on federal income tax, to the	1 insurance or otherwise, that are deductible for federal tax
extent the deduction of such tax resulted in a reduction of	2 purposes according to section 165 of the Internal Revenue
Montana income tax liability.	3 tode of 1954, as amended;
(2) In computing net income, there are allowed as	4 (g) net operating loss deductions allowed for federal
deductions:	5 income tax under section 642(d) of the Internal Revenue Coje
(a) interest expenses deductible for federal tax	6 of 1954, as amended, except estates may not claim losses
purposes according to section 163 of the Internal Revenue	7 that are deductible on the decedent's final return;
Code of 1954, as amended;	B (h) all benefits received as federal employees
(o) taxes paid or accrued within the taxable year,	<pre>9 retirement not in excess of \$3,600;</pre>
including but not limited to federal income tax, but	10 (i) all benefits paid under the Montana teachers'
excluding Montana income tax;	11 retirement system that are specified as exempt from taxation
(c) that fiduciary's portion of depreciation or	12 by 19-4-706;
depletion which is deductible for federal tax purposes	13 (j) all benefits paid under the Montana Public
according to sections 167, 611, and 642 of the Internal	14 Employees* Retirement System Act that are specified as
Revenue Code of 1954, as amended;	15 exempt from taxation by 19-3-105;
(d) charitable contributions that are deductible for	16 (k) all benefits paid under the Montana highway
Federal tax purposes according to section 642(c) of the	17 patrolmen's retirement system that are specified as exempt
Internal Revenue Code of 1954, as amended;	18 from taxation by 19+6-705;
(e) administrative expenses claimed for federal income	19 (1) Montana income tax refunds or credits thereof;
tax purposes, according to sections 212 and 642(g) of the	20 (m) all benefits paid under 19-11-602, 19-11-604, and
Internal Revenue Code of 1954, as amended, if such expenses	21 19-11-605 to retired and disabled firemen or their surviving
were not claimed as a deduction in the determination of	22 spouses or children;
Montana inheritance tax;	23 (n) all benefits paid by first- or second-class cities
	24 for the Montana police officers retirement system provided
(f) losses from fire, storm, shipwreck, or other	

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1 (o) all benefits not in excess of \$360 received as an 2 annuity, pension, or endowment under private or corporate 3 retirement plans or systems.

4 (3) In the case of a shareholder of a corporation with 5 respect to which the election provided for under subchapter 6 S. of the Internal Revenue Code of 1954, as amended, is in effect but with respect to which the election provided for 7 under 15-31-202 is not in effect, net income does not 8 9 include any part of the corporation's undistributed taxable income, net operating loss, capital gains or other gains, 10 profits, or losses required to be included in the 11 12 shareholder's federal income tax net income by reason of the 13 election under subchapter S. However, the shareholder's net 14 income shall include actual distribution from the 15 corporation to the extent it would be treated as taxable 16 dividends if the subchapter S. election were not in effect. 17 NEW SECTION. Section 3. Adjustments to income of 18 estates and trusts. (1) The following additional deductions 19 shall be allowed in deriving taxable income of estates and 20 trusts:

(a) any amount of income for the taxable year
 currently required to be distributed to beneficiaries for
 such year;

(b) any other amounts required to be distributed,paid, or credited for the taxable year;

1 (c) the amount of 60% of the excess of the net 2 long-term capital gain over the net short-term capital loss

3 for the taxable year.

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4 (2) The following exemptions are allowed for estates5 and trusts:

6 (a) \$600 for an estate;

(b) \$300 for a simple trust; and

(c) \$100 for a complex trust.

9 (3) The amount of tax must be determined from taxable 10 income of an estate or trust in the same manner as the tax 11 on taxable income of individuals, by applying the rates 12 contained in 15-30-103. Credits allowed individuals under 13 Title 15, chapter 30, also apply to estates and trusts when 14 applicable.

15 (4) Remedies available for the administration,
16 enforcement, and collection of individual income taxes also
17 apply to estates and trusts.

18 <u>NEH\_SECTION</u> Section 4. Effective date --19 applicability. This act is effective on passage and approval 20 and is applicable to taxable years beginning after December 21 31, 1982.

NEW\_SECTION. Section 5. Codification instruction.
Sections 2 and 3 are intended to be codified as an integral
part of Title 15, chapter 30, part 1, and the provisions of
Title 15, chapter 30, apply to sections 2 and 3.

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48th Legislature

SB 0242/02

# Approved by committee on Taxation

1	SENATE BILL NG. 242
2	INTRODUCED BY GAGE. TOWE
3	BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
6	CLARIFY LAWS PERTAINING TO INCOME TAXATION OF ESTATES,
7	PROPERTY HELD IN TRUST, AND BENEFICIARIES OF ESTATES OR
8	TRUSTS; AMENDING SECTION 15-30-135, MCA; PROVIDING AN
9	IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	Section 1. Section 15-30-135, MCA, is amended to read:
13	#15-30-135. Tax on beneficiaries or fiduciaries of
14	estat∋s or trusts• (1) A tax shall be imposed upon either
15	the fiduciaries or the beneficiaries of estates and trusts
16	as hereinafter provided, except to the extent such estates
17	and trusts shall be held for educational, charitable, or
18	religious purposes, which tax shall be levied, collected,
19	and baid annually with respect to the income of estates or
<b>2</b> 0	of any kind of property held in trust, including:
21	(a) income received by estates of deceased persons

22 during the period of administration or settlement of the 23 estate;

(b) income accumulated in trust for the benefit ofunborn or unascertained persons or persons with contingent

#### 1 interests;

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(c) income held for future distribution under the terms of the will or trust; and

4 (d) income which is to be distributed to the 5 beneficiaries periodically, whether or not at regular 6 intervals, and the income collected by a guardian of an 7 infant, to be held or distributed as the court may direct; 8 and

9 (s)--income---of---an---estate--during--the--period--of administration-or-settlement-permitted-by-subsection-(3)--of this--section--to--be--deducted-from-the-net-incomer-the-tax with-reference-to-which-is-to-be-paid-by-the-fiduciary=

13 (2) The fiduciary shall be responsible for making the 14 return of income for the estate or trust for which he acts, 15 whether the fiduciary or the beneficiaries be are taxable 16 with reference to the income of such estate or trust. The 17 net-income-of-on-estote-or-trust-shall-be--computed--in--the same--manner--and--on--the--same--basis--as-provided-in-this 18 19 chapter-for-individual-texpayersy-except--that--there--shall 20 also--be-allowed-as-a-deduction-any-part-of-the-gross-income 21 whichy-pursuant-to-the-terms-of-the-will--or--deed--creating 22 the--trusty--is-paid-to-or-heid-for-the-United-States-or-any 23 states-territoryy-or-any-political--subdivision--thereof-or the-Bistrict-of-Columbias In cases under subsections ial and 24 (d) and-fet of subsection (1) of-this-section, the fiduciary 25

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shall include in the return a statement of each
 beneficiary's distributive share of such net income, whether
 or not distributed before the close of the taxable year for
 which the return is made.

5 (3) In cases under subsections (a), (b), and (c) of 6 subsection (1) of this section, the tax shall be imposed 7 upon the fiduciary of the estate or trust with respect to 8 the net income of the estate or trust and shall be paid by the fiduciary\_-except-that-in-determining-the-net-income-of 9 the--estate--of--ony--deceased--person--during-the-period-of 10 11 administration-or-settiementy--there--may--be--deducted--the anount -- of -- eny--income--property--paid--pr--credited-to-ony 12 legateev-hetry-or-other--beneficiaryw--In--such--casesy--the 13 14 fiduciary--of--the-estate-or-trust-shall-be-allowed-the-some exemptions-os-are-allowed-to-single-persons-under--15-38-112 15 15 and-the-fiduciary-of-any-estate-or-trust-created-by-a-person 17 not--e-resident--or-of-en-estate-of-a-person-not-a-resident shatt-be-subject-to-e--tax--onty--to--the--extent--to--which 18 19 individuals-other-thon-residents-are-lioble-under-15-38-131\* 20 t++--ta+-There---shall--be--allowed--as--an+-additional deduction-in-compating-the-net-income-of-the-estate-or-trust 21 22 the-amount-of-the-income-of-the--estate--or--trust--for--its 23 taxable~-year--which--is--to-be-distributed-currently-by-the fiduciary-to-the-beneficiaries-and-the-amount-of-the----24 25 collested-by-a-quardian-of-an-infanty-which-is-to-be-held-or

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2	allowed-as-a-deduction-shall-be-includedincomputingthe
3	netincome-of-the-boneficiories-whether-distributed-to-them
4	or-notyAnyamountattowedasadeductionunderthis
5	subsectionshallnotbeallowedasadeductionunder
6	subsection-{+}(b)ofthissectioninthesomeorony
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17	beneficiaryv-but-the-amount-so-sllowed-as-a-deductionsnsll
18	beincludedincomputingthenct-income-of-the-legateev
19	hetry-or-beneficiary.
20	<pre>fet If the taxpayer's net income for such the taxable</pre>
21	year <u>of the estate or trust</u> is computed upon the basis of a
22	period different from that upon the basis of which the net
23	income of the estate or trust is computed, then his
24	distributive share of the net income of the estate or trust
25	for any accounting period of such estate or trust ending

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within the fiscal or calendar year shall be computed upon 1 2 pasis on which such beneficiary's net income is the 3 computed. In such cases, a beneficiary not a resident shall 4 be taxable with respect to his income derived through such 5 estate or trust only to the extent provided in 15-30-131 for individuals other than residents. 6

7 (5)(4) The fiduciary of a trust created by an employer 8 as a part of a stock bonus, pension, or profit-sharing plan 9 for the exclusive benefit of some or all of his employees, 10 to which contributions are made by such employer or 11 employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated 12 by the trust in accordance with such plan, shall not be 13 taxable under this section, but any amount contributed to 14 15 such fund by the employer and all earnings of such fund 16 shall be included in computing the income of the distributee 17 in the year in which distributed or made available to him. 18 total Where any part of the income of a trust other than a testamentary trust is or may be applied to the 19 payment of premiums upon policies of insurance on the life 20 of the grantor (except policies of insurance irrevocably 21 22 payable for the purposes and in the manner specified relating to the so-called "charitable contribution" 23 24 deduction) or to the payment of premiums upon policies of life insurance under which the grantor is the beneficiary, 25

1 such part of the income of the trust shall be included in 2 computing the net income of the grantor."

3 NEW\_SECTIONA Section 2. Computation of net income of 4 estates or trusts. (1) Except as otherwise provided in this 5 chapter, "gross income" of estates or trusts means all 6 income from whatever source derived in the taxable year, 7 including but not limited to the following items:

(a) dividends;

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9 (b) interest received or accrued, including interest 10 received on obligations of another state or territory or a 11 county. municipality, district, or other political 12 subdivision thereof, but excluding interest income from 13 obligations of:

14 (i) the United States government or the state of 15 Montana:

16 (ii) a school district; or

17 (iii) a county, municipality, district, or other 18 political subdivision of the state;

- 19 (c) income from partnerships and other fiduciaries;
- 20 (d) gross rents and royalties;

21 (e) gain from sale or exchange of property, including 22 those gains that are excluded from gross income for federal 23 fiduciary income tax purposes by section 641(c) of the Internal Revenue Code of 1954, as amended; 24 25

(f) gross profit from trade or business; and

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(g) refunds recovered on federal income tax, to the
 extent the deduction of such tax resulted in a reduction of
 Montana income tax liability.

4 (2) In computing net income, there are allowed as5 deductions:

6 (a) interest expenses deductible for federal tax
7 purposes according to section 163 of the Internal Revenue
8 Code of 1954, as amended;

9 (b) taxes paid or accrued within the taxable year;
10 including but not limited to federal income tax; but
11 excluding Montana income tax;

12 (c) that fiduciary's portion of depreciation or 13 depletion which is deductible for federal tax purposes 14 according to sections 167, 611, and 642 of the Internal 15 Revenue Code of 1954, as amended;

16 (d) charitable contributions that are deductible for
17 federal tax purposes according to section 642(c) of the
18 Internal Revenue Code of 1954, as amended;

(e) administrative expenses claimed for federal income
tax purposes, according to sections 212 and 642(g) of the
Internal Revenue Code of 1954, as amended, if such expenses
were not claimed as a deduction in the determination of
Montana inheritance tax;

24 (f) losses from fire, storm, shipwreck, or other
25 casualty or from theft, to the extent not compensated for by

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insurance or otherwise, that are deductible for federal tax Ł purposes according to section 165 of the Internal Revenue 2 3 Lode of 1954, as amended; (g) net operating loss deductions allowed for federal 4 5 income tax under section 642(d) of the Internal Revenue Code of 1954, as amended, except estates may not claim losses 6 that are deductible on the decedent's final return; 7 (h) all benefits received as federal employees' 8 retirement not in excess of \$3,600; 9 (i) all benefits paid under the Montana teachers\* 10 11 retirement system that are specified as exempt from taxation 12 by 19-4-706; 13 (i) all benefits paid under the Montana Public Employees! Retirement System Act that are specified as 14 15 exempt from taxation by 19-3-105; (k) all benefits paid under the Montana highway 16 patrolmen's retirement system that are specified as exempt 17 18 from taxation by 19-6-705; 19 (1) Nontana income tax refunds or credits thereof; (m) all benefits paid under 19-11-602, 19-11-604, and 20 19-11-605 to retired and disabled firemen or their surviving 21 22 spouses or children; (a) all benefits paid by first- or second-class cities 23 24 for the Montana police officers' retirement system provided 25 for by the metropolitan police law;

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(b) all benefits not in excess of \$360 received as an 2 annuity, pension, or endowment under private or corporate 3 retirement plans or systems.

(3) In the case of a shareholder of a corporation with 4 5 respect to which the election provided for under subchapter S. of the Internal Revenue Code of 1954, as amended, is in 6 7 effect but with respect to which the election provided for 8 under 15-31-202 is not in effect, net income does not 9 include any part of the corporation's undistributed taxable income, net operating loss, capital gains or other gains, 10 profits, or losses required to be included in the 11 shareholder's federal income tax net income by reason of the 12 13 election under subchapter S. However, the shareholder's net 14 income shall include actual distribution from the 15 corporation to the extent it would be treated as taxable 16 dividends if the subchapter S. election were not in effect. 17 NEW\_SECTION. Section 3. Adjustments to income of estates and trusts. (1) The following additional deductions 10 shall be allowed in deriving taxable income of estates and 19 20 trusts:

21 (a) any amount of income for the taxable year currently required to be distributed to beneficiaries for 22 23 such year:

(b) any other amounts required to be distributed, 24 paid, or credited for the taxable year; 25

1 (c) the amount of 60% of the excess of the net 2 long-term capital gain over the net short-term capital loss 3 for the taxable year. (2) The--following--exemptions-are-allowed-for-estates 4 5 and-trusts+ 6 fa}--\$600-for-an-estate; 7 tb)--#300-for-a-simple-trust#-and 8 te -- sico-for-a-complex-trusts IHE EXEMPTION ALLOWED 9 FOR\_ESTATES\_AND\_TRUSTS\_IS\_THAT\_EXEMPTION\_PROVIDED\_IN 10 15-30-112(2)(A) AND 15-30-112(8). 11 (3) The amount of tax must be determined from taxable 12 income of an estate or trust in the same manner as the tax 13 on taxable income of individuals, by applying the rates 14 contained in 15-30-103. Credits allowed individuals under 15 Title 15, chapter 30, also apply to estates and trusts when applicable. 16 17 (4) Remedies available for the administration. 18 enforcement, and collection of individual income taxes also 19 apply to estates and trusts. 20 <u>YEW\_SECIION</u> Section 4. Effective date -----21 applicability. This act is effective on passage and approval 22 and is applicable to taxable years beginning after December 23 31. 1982. 24 NEW\_SECTION. Section 5. Codification instruction. Sections 2 and 3 are intended to be codified as an integral 25

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1 part of Title 15, chapter 30, part 1, and the provisions of

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2 Title 15, chapter 30, apply to sections 2 and 3.

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### 2/18 SB 0242/02

1 SENATE BILL NO. 242 2 INTRODUCED BY GAGE, TOWE BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND 5 CLARIFY LAWS PERTAINING TO INCOME TAXATION OF ESTATES. 6 7 PROPERTY HELD IN TRUST. AND BENEFICIARIES OF ESTATES OR 8 TRUSTS: AMENDING SECTION 15-30-135, MCA: PROVIDING AN INNEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.\* 9 10 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 15-30-135, MCA, is amended to read: 12 #15-30-135. Tax on beneficiaries or fiduciaries of 13 estates or trusts. (1) A tax shall be imposed upon either 14 the fiduciaries or the beneficiaries of estates and trusts 15 as hereinafter provided, except to the extent such estates 16 and trusts shall be held for educational, charitable, or 17 18 religious purposes, which tax shall be levied, collected, and bald annually with respect to the income of estates or 19 20 of any kind of property held in trust, including: 21 (a) income received by estates of deceased persons 22 during the period of administration or settlement of the 23 estate;

(b) income accumulated in trust for the benefit ofunborn or unascertained persons or persons with contingent

### 1 interests;

2 (c) income held for future distribution under the
3 terms of the will or trust; and

4 (d) income which is to be distributed to the 5 beneficiaries periodically, whether or not at regular 6 intervals, and the income collected by a guardian of an 7 infant, to be held or distributed as the court may direct? 8 and.

9 te)---income---of---an---estate--during--the--period--of administration-or-settlement-permitted-by-subsection-t3)--of this--section--to--be--deducted-from-the-net-incomey-the-tox with-reference-to-which-is-to-be-paid-by-the-fiduciary.

13 (2) The fiduciary shall be responsible for making the 14 return of income for the estate or trust for which he acts. 15 whether the fiduciary or the beneficiaries be are taxable 16 with reference to the income of such estate or trust. The 17 net-income-of-an-estate-or-trust-shail-be--eomputed--in--the 18 seme--manner--and--on--tha--same--basts--as-provided-in-this 19 chapter-for-individual-taxpsyers,-except--thete--shell 20 atso--be-attoxed-as-a-deductton-any-part-of-the-gross-income 21 which-pursuant-to-the-terms-of-the-will--of--deed--creating 22 the--trusty--is-paid-to-or-heid-for-the-United-States-or-any 23 stater-territoryy-or-any-political--subdivision--thereof--or 24 the-Bistrict-of-Columbias In cases under subsections (a) and 25 (d) and-fet of subsection (1) of-this-section, the fiduciary

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THIRD READING

shall include in the return a statement of each
 beneficiary's distributive share of such net income, whether
 or not distributed before the close of the taxable year for
 which the return is made.

5 (3) In cases under subsections (a), (b), and (c) of 6 subsection (1) of-this-section, the tax shall be imposed 7 upon the fiduciary of the estate or trust with respect to 8 the net income of the estate or trust and shall be paid by 9 the fiduciary\_grexcept-that-in-determining-the-net-income-of 10 11 administration-or-settlementy--there--may--be--deducted--the 12 amount--of--any--income--property--paid--or--credited-to-any 13 tegatesy-heiry-or-other--baneficitryy--In--such--casesy--the fiduciory--of--the-estate-or-trust-shall-be-ollowed-the-same 14 exemptions-as-are-oftowed-to-single-persons-under--15-30-112 15 and-the-fiduciary-of-any-estate-or-trust-created-by-a-person 15 17 not--e--resident--pr-of-sn-estate-of-s-person-not-e-resident 18 shail-be-subject-to-s-tax--only--to--the--extent--to--which 19 individuals-other-thon-residents-are-ifoble-under-15-30-131v t4)---fs}-There----shall--be--ollowed--as--an--additional 20 21 deduction-in-computing-the-net-income-of-the-estate-or-trust 22 the-amount-of-the-income-of-the--estate--or--trust--for--its 23 texable--year--which--is--to-be-distributed-currently-by-the 24 fiduciery-to-the-beneficieries-and-the-amount-of-the--income 25 collected-by-a-guardian-of-an-infanty-which-is-to-be-held-or

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distributed--as--the--court--may--directy--but-the-amount-so 1 2 allowed-as-a-deduction-shall-be-included--in-computing--the net--income-of-the-beneficiories-whether-distributed-to-them 3 or-noty--Any--anaunt--allowed--as--a--deduction--under--this 4 5 subsection--shall--not--be--ullowed--as--a--deduction--under 6 subsection-f4ffb;--of--this--section--in--the--same--or--any 7 succeeding-taxable-years tbt--In--the--case--of--income--received--by-catates-of 8 deceosed-persons-during--the--period--of--administration--or 9 settlement-of-the-estate-and-in-the-case-of-income-whichy-in 10 11 12 to-the-beneficiary-or-accumutatedy-there-shall-be-allowed-as 13 en-add+e+one+-deduct+on-tn-computing-the-net-income--of--the 14 estate--pr--trust--the-amount-of-the-income-of-the-estate-or 15 trust-for--its--taxable--year--which--is--properly--paid--or 16 credited---during---such--year--to--any--tegatesy--heiry--or 17 beneficiary-but-the-amount-so-allowed-es-a-deduction--shall 18 be--included--in--computing--the--net-income-of-the-legateev 19 heiry-or-beneficierys 20 tet If the taxpayer's net income for such the taxable 21 year of the estate or trust is computed upon the basis of a 22 period different from that upon the basis of which the net

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income of the estate or trust is computed, then his

distributive share of the net income of the estate or trust

for any accounting period of such estate or trust ending

within the fiscal or calendar year shall be computed upon 1 2 the pasis on which such beneficiary's net income is 3 computed. In such cases, a beneficiary not a resident shall 4 be taxable with respect to his income derived through such 5 estate or trust only to the extent provided in 15-30-131 for individuals other than residents. 6

(5)(4) The fiduciary of a trust created by an employer 7 8 as a part of a stock bonus, pension, or profit-sharing plan for the exclusive benefit of some or all of his employees, 9 to which contributions are made by such employer or 10 employees, or both, for the purpose of distributing to such 11 12 employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, shall not be 13 taxable under this section, but any amount contributed to 14 15 such fund by the employer and all earnings of such fund shall be included in computing the income of the distributee 16 17 in the year in which distributed or made available to him. (5)(5) Where any part of the income of a trust other 16 19 than a testamentary trust is or may be applied to the 20 payment of premiums upon policies of insurance on the life 21 of the grantor (except policies of insurance irrevocably 22 payable for the purposes and in the manner specified relating to the so-called "charitable contribution" 23 deduction) or to the payment of premiums upon policies of 24 25 life insurance under which the grantor is the beneficiary, 1 such part of the income of the trust shall be included in computing the net income of the grantor."

3 NEW\_SECTION. Section 2. Computation of net income of 4 estates or trusts. (1) Except as otherwise provided in this 5 chapter, "gross income" of estates or trusts means all income from whatever source derived in the taxable year, 6 7 including but not limited to the following items:

(a) dividends;

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(b) interest received or accrued, including interest 9 10 received on obligations of another state or territory or a 11 municipality, district, or other county, political 12 subdivision thereof, but excluding interest income from 13 obligations of:

14 (i) the United States government or the state of 15 Montanat

(ii) a school district; or 16

17 (ili) a county, municipality, district, or other 18 political subdivision of the state:

19 (c) income from partnerships and other fiduciaries;

20 (d) gross rents and royalties;

21 (e) gain from sale or exchange of property, including 22 those gains that are excluded from gross income for federal 23 fiduciary income tax purposes by section 641(c) of the 24 Internal Revenue Code of 1954, as amended;

25 (f) gross profit from trade or business; and

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insurance or otherwise, that are deductible for federal tax (g) refunds recovered on federal income tax, to the 1 extent the deduction of such tax resulted in a reduction of purposes according to section 165 of the Internal Revenue 2 Montana income tax liability. 3 Code of 1954, as amended; (g) net operating loss deductions allowed for federal (2) In computing net income, there are allowed as 4 deduct i ons : income tax under section 642(d) of the Internal Revenue Code 5 (a) interest expenses deductible for federal tax of 1954, as amended, except estates may not claim losses 6 purposes according to section 163 of the Internal Revenue 7 that are deductible on the decedent's final return; Code of 1954; as amended; (h) all benefits received as federal employees' 8 (b) taxes paid or accrued within the taxable year, retirement not in excess of \$3,600; 9 including but not limited to federal income tax, but (i) all benefits paid under the Montana teachers\* 10 excluding Montana income tax; retirement system that are specified as exempt from taxation 11 (c) that fiduciary's portion of depreciation or by 19-4-706; 12 depletion which is deductible for federal tax purposes (j) all benefits paid under the Montana Public 13 according to sections 167, 611, and 642 of the Internal Employees' Retirement System Act that are specified as 14 Revenue Code of 1954, as amended; exempt from taxation by 19-3+105; 15 (d) charitable contributions that are deductible for (k) all benefits paid under the Montana highway 16 federal tax purposes according to section 642(c) of the patrolmen's retirement system that are specified as exempt 17 Internal Revenue Code of 1954, as amended; from taxation by 19+6-705; 18 (1) Montana income tax refunds or credits thereof; (e) administrative expenses claimed for federal income 19 (m) all benefits paid under 19-11-602, 19-11-604, and tax purposes, according to sections 212 and 642(q) of the 20 Internal Revenue Code of 1954, as amended, if such expenses 19-11-605 to retired and disabled firemen or their surviving 21 were not claimed as a deduction in the determination of 22 spouses or children; (n) all benefits paid by first- or second-class cities. Montana inheritance tax; 23 for the Montana police officers' retirement system provided 24 (f) losses from fire, storm, shipwreck, or other casualty or from theft, to the extent not compensated for by for by the metropolitan police law; 25 -7-SB 242 SB 242 -8(c) all benefits not in excess of \$360 received as an
 annuity, pension, or endowment under private or corporate
 retirement plans or systems.

4 (3) In the case of a shareholder of a corporation with 5 respect to which the election provided for under subchapter 6 S. of the Internal Revenue Code of 1954, as amended, is in 7 effect but with respect to which the election provided for 8 under 15-31-202 is not in effect, net income does not 9 include any part of the corporation's undistributed taxable 10 income, net operating loss, capital gains or other gains, 11 profits, or losses required to be included in the 12 shareholder's federal income tax net income by reason of the 13 election under subchapter S. However: the shareholder's net 14 income shall include actual distribution from the corporation to the extent it would be treated as taxable 15 16 dividends if the subchapter S. election were not in effect. 17 NEW\_SECTION: Section 3. Adjustments to income of 18 estates and trusts. (1) The following additional deductions 19 shall be allowed in deriving taxable income of estates and 20 trusts:

(a) any amount of income for the taxable year
currently required to be distributed to beneficiaries for
such year;

(b) any other amounts required to be distributed;
paid; or credited for the taxable year;

(c) the amount of 60% of the excess of the net
 long-term capital gain over the net short-term capital loss
 for the taxable year.

4 (2) The--following--exemptions-are-allowed-for-estates 5 and-trusts+

7 tb;--\$300-for-a-simple-trust;-and

 B
 tct--file-for-a-complex-trusts
 IHE\_\_EXEMPTION\_ALLOWED

 9
 EQB\_\_ESTATES\_AND\_TRUSTS\_IS\_THAT\_\_EXEMPTION\_PROVIDED\_IN

 10
 15=30=112(2)(A)\_AND\_IS=30=112(8)\*

11 (3) The amount of tax must be determined from taxable 12 income of an estate or trust in the same manner as the tax 13 on taxable income of individuals, by applying the rates 14 contained in 15-30-103. Credits allowed individuals under 15 Title 15, chapter 30, also apply to estates and trusts when 16 applicable.

17 (4) Remedies available for the administration,
18 enforcement, and collection of individual income taxes also
19 apply to estates and trusts,

 20
 YEM\_SECTION: Section 4. Effective date - 

 21
 applicability. This act is effective on passage and approval

 22
 and is applicable to taxable years beginning after December

 23
 31, 1982.

24NEW\_SECIION: Section 5. Codificationinstruction.25Sections 2 and 3 are intended to be codified as an integral

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- 1 part of Title 15, chapter 30, part 1, and the provisions of
- 2 Title 15, chapter 30, apply to sections 2 and 3.

-End-

HOUSE OF REPRESENTATIVES

March 14, 1983 Committee of the Whole Amendments to Senate Bill 242

1. Page 9, line 24.
Folliwing: "amounts"
Insert: "properly paid or credited or"

2. Page 9, line 24. Following: "distributed" Strike: ","

3. Page 9, line 25. Strike: "paid, or credited" 1

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1	SENATE BILL NO. 242	1	inte
2	INTRODUCED BY GAGE, TUNE	2	
3	BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE	3	ter
4		4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND	5	bene
6	CLARIFY LAWS PERTAINING TO INCOME TAXATION OF ESTATES.	6	inte
7	PROPERTY HELD IN TRUST, AND BENEFICIARIES OF ESTATES OR	٦	infa
8	TRUSTS; AMENDING SECTION 15-30-135+ MCA; PROVIDING AN	8	and,
9	IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."	9	
16		10	admi
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	11	thi
15	Section 1. Section 15-30-135, MCA, is amended to read:	12	witi
13	"15-30-135. Tax on beneficiarles or fiduclaries of	13	
14	estates or trusts. (1) A tax shall be imposed upon either	14	retu
15	the fiduciaries or the beneficiaries of estates and trusts	15	whet
16	as hereinafter provided, except to the extent such estates	15	with
17	and trusts shall be held for educational, charitable, or	17	net
18	religious purposes, which tax shall be levied, collected,	18	<b>30</b> 81
19	and paid annually with respect to the income of estates or	19	cha
20	of any kind of property held in trust, including:	20	efa
21	(a) income received by estates of deceased persons	21	white
22	during the period of administration or settlement of the	22	the
23	estate;	23	sta

(b) income accumulated in trust for the benefit of
 unborn or unascertained persons or persons with contingent

1	interestsi
2	(c) income held for future distribution under the
3	terms of the will or trust; and
4	(d) income which is to be distributed to the
5	beneficiaries periodically, whether or not at regular
6	intervals, and the income collected by a guardian of an
7	infant, to be held or distributed as the court may direct;
8	and_
9	te}incomeofanestateduringtheperiodof
10	administration-or-settlement-permitted-by-subsection-(3)of
11	thissectiontobededucted-from-the-net-income,-the-tax
12	with-reference-to-which-is-to-be-paid-by-the-fiduciaryw
13	(2) The fiduciary shall be responsible for making the
14	return of income for the estate or trust for which he acts,
15	whether the fiduciary or the beneficiaries be are taxable
15	with reference to the income of such estate or trust. The
17	net-income-of-an-estate-or-trust-shall-becomputedinthe
18	<del>samemannerandonthesamebasisas-provided-in-this</del>
19	chapter-for-individual-texpeyersy-exceptthatthereshell
20	atsobe-attowed-as-a-deduction-any-part-of-the-gross-income
21	whichy-pursuant-to-the-terms-of-the-willofdeedcreating
22	thetrustyis-paid-to-or-heid-for-the-United-States-or-any
23	statex-territoryy-or-ony-politicslsubdivisionthereofor
24	the-district-of-columbias In cases under subsections <u>[a] and</u>
25	(d) and-fet of subsection (1) of-this-section, the fiduciary

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shall include in the return a statement of each
 baneficiary's distributive share of such net income, whether
 or not distributed before the close of the taxable year for
 which the return is made.

5 (3) In cases under subsections (a), (b), and (c) of 6 subsection (1) of-this-section, the tax shall be imposed 7 upon the fiduciary of the estate or trust with respect to the net income of the estate or trust and shall be paid by 6 9 the fiduciary\_v+except-that-in-determining-the-net-income-of the--estate--of--any--deceased--person--during-the-period-of 10 11 administration-or-settlementy--there--may--be--deducted--the 12 anount--of--any--income--property--paid--or--credited-to-any łegatewynałry-or-other-seneficiary--In--such--casesy--the 13 14 ffductory--of--the-estate-or-trust-shell-be-ellowed-the-same 15 exemptions-as-are-allowed-to-single-persons-under--25-30-112 16 and-the-fiductory-of-any-estate-or-trast-created-by-a-person 17 18 shatt-be-subject-to-a--tax--onty--to--the-extent--to--the-19 individuals-other-than-residents-are-itable-under-15-38-131+ 20 21 deduction-in-computing-the-net-income-of-the-citate-or-trast 22 23 texeble--year--which--is--to-be-distributed-currently-by-the 24 fiduciary-to-the-baneficiaries-and-the-amount-of-the--income 25 colfected-by-a-auardian-of-an-infanty-which-is-to-be-held-or

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1	distributedasthecourtmaydirectybut-the-amount-so
2	attomed-as-a-deductton-shatt-be-inctudedincomputingthe
3	netincome-of-the-baneficiaries-whether-distributed-to-them
4	or-notaAnyamountaffowedasadeductionunderthis
5	subsectionshallnotbeallowedasddeductionunder
6	subsection-(+)(b)ofthissectioninthesameorany
7	succeeding-taxable-years
8	{b}Inthecaseofincomereceivedby-estates-of
9	<del>deceased-persons-duringtheperiodofodministrationor</del>
10	settlement-of-the-estate-and-in-the-case-of-income-whichy-in
11	thediscretionof-the-fiduciarymay-be-either-distributed
12	<del>to-the-beneficiary-or-accumulatedy-there-shall-be-allowed-</del> as
13	an-additionol-deduction-in-computing-the-net-incomeofthe
14	estateortrustthe-amount-of-the-income-of-the-estate-or
15	trust-foritstexebieyearwhichispropertypaidor
16	creditodduringsuchyear-toanylagataehairyor
17	beneficiaryy-but-the-encont-so-allowed-ag-a-deductionshall
18	beincludedincomputingthenet-income-of-the-legateey
19	heiry-or-benefictary.
20	<pre>fc; If the taxpayer's net income for such the taxable</pre>
21	year <u>of the estate or trust</u> is computed upon the basis of a
22	period different from that upon the basis of which the net
23	income of the estate or trust is computed, then his
24	distributive share of the net income of the estate or trust
25	for any accounting period of such estate or trust ending

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1 within the fiscal or calendar year shall be computed upon Z the basis on which such beneficiary's net income is 3 computed. In such cases, a beneficiary not a resident shall 4 be taxable with respect to his income derived through such 5 estate or trust only to the extent provided in 15-30-131 for individuals other than residents. 6

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7 (5)(4) The fiduciary of a trust created by an employer 8 as a part of a stock bonus, pension, or profit-sharing plan 9 for the exclusive benefit of some or all of his employees, to which contributions are made by such employer or 10 11 employees, or both, for the purpose of distributing to such 12 employees the earnings and principal of the fund accumulated 13 by the trust in accordance with such plan, shall not be 14 taxable under this section, but any amount contributed to 15 such fund by the employer and all earnings of such fund 16 shall be included in computing the income of the distributee 17 in the year in which distributed or made available to him. 15 (6)(5) Where any part of the income of a trust other 19 than a testamentary trust is or may be applied to the 20 payment of premiums upon policies of insurance on the life 21 of the grantor (except policies of insurance irrevocably 22 payable for the purposes and in the manner specified 23 relating to the so-called "charitable contribution" 24 deduction) or to the payment of premiums upon policies of 25 life insurance under which the grantor is the beneficiary,

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1 such part of the income of the trust shall be included in 2 computing the net income of the grantor."

3 NEW\_SECTION. Section 2. Computation of net income of 4 estates or trusts. (1) Except as otherwise provided in this chapter, "gross income" of estates or trusts means all 5 income from whatever source derived in the taxable year, 6 7 including but not limited to the following items:

8 (a) dividends;

9 (b) interest received or accrued, including interest 10 received on obligations of another state or territory or a 11 county, municipality, district, or other political 12 subdivision thereof, but excluding interest income from 13 obligations of:

14 (i) the United States government or the state of 15 Montana;

(ii) a school district; or 16

17 (ili) a county, municipality, district, or other political subdivision of the state; 18

(c) income from partnerships and other fiduciaries; 19

(d) gross rents and royalties; 20

(a) gain from sale or exchange of property, including 21 22 those gains that are excluded from gross income for federal 23 fiduciary income tax purposes by section 641(c) of the 24 Internal Revenue Code of 1954, as amended; 25

(f) gross profit from trade or business; and

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insurance or otherwise, that are deductible for federal tax 1 1 (a) refunds recovered on federal income tax, to the 2 purposes according to section 165 of the Internal Revenue 2 extent the deduction of such tax resulted in a reduction of 3 Code of 1954, as amended: Montana income tax liability. 3 (q) net operating loss deductions allowed for federal (2) In computing net income, there are allowed as 4 4 5 income tax under section 642(d) of the Internal Revenue Code 5 deductions: (a) interest expenses deductible for federal tax 6 of 1954, as amended, except estates may not claim losses 6 purposes according to section 163 of the Internal Revenue 7 that are deductible on the decedent's final return: 7 Code of 1954, as amended; 8 (h) all benefits received as federal employees" 8 9 retirement not in excess of \$3.600; (b) taxes paid or accrued within the taxable year, 9 including but not limited to federal income tax, but 10 (i) all benefits paid under the Montana teachers' 10 retirement system that are specified as exempt from taxation 11 excluding Montana income tax; 11 (c) that fiduciary's portion of depreciation or 12 by 19-4-706; 12 depletion which is deductible for federal tax purposes 13 (i) all benefits paid under the Montana Public 13 according to sections 167, 611, and 642 of the Internal Employees' Retirement System Act that are specified as 14 14 Revenue Code of 1954, as amended; 15 exempt from taxation by 19-3-105; 15 16 (d) charitable contributions that are deductible for 16 (k) all benefits paid under the Montana highway patrolmen's retirement system that are specified as exempt federal tax purposes according to section 642(c) of the 17 17 Internal Revenue Code of 1954, as amended; from taxation by 19-6-705; 18 18 (1) Montana income tax refunds or credits thereof; (e) administrative expenses claimed for federal income 19 19 20 (m) all benefits paid under 19-11-602, 19-11-604, and tax purposes, according to sections 212 and 642(q) of the 20 19-11-605 to retired and disabled firemen or their surviving Internal Revenue Code of 1954, as amended, if such expenses 21 21 were not claimed as a deduction in the determination of 22 spouses or childrent 22 (n) all benefits paid by first- or second-class cities 23 Montana inheritance tax; 23 for the Montana police officers' retirement system provided 24 24 (f) losses from fire, storm, shipwreck, or other 25 for by the metropolitan police law; 25 casualty or from theft, to the extent not compensated for by -7-SB 242 -8-SB 242

1 (o) all benefits not in excess of \$360 received as an 2 annuity, pension, or endowment under private or corporate 3 retirement plans or systems.

4 (3) In the case of a shareholder of a corporation with 5 respect to which the election provided for under subchapter 6 S. of the Internal Revenue Code of 1954, as amended, is in 7 effect but with respect to which the election provided for 8 under 15-31-202 is not in effect, net income does not 9 include any part of the corporation's undistributed taxable 10 income, net operating loss, capital gains or other gains, 11 profits, or losses required to be included in the 12 shareholder's federal income tax net income by reason of the 13 election under subchapter S. However, the shareholder's net 14 income shall include actual distribution from the 15 corporation to the extent it would be treated as taxable 16 dividends if the subchapter S. election were not in effect. 17 NEW SECTION. Section 3. Adjustments to income of 18 estates and trusts. (1) The following additional deductions 19 shall be allowed in deriving taxable income of estates and 20 trusts:

21 (a) any amount of income for the taxable year 22 currently required to be distributed to beneficiaries for 23 such year;

24 (b) any other amounts <u>PRUPERLY\_PAID\_OR\_CREDITED\_OR</u> 25 required to be distributedy--paidy--or--credited for the

taxable year; 2 (c) the amount of 60% of the excess of the net long-term capital gain over the net short-term capital loss 3 for the taxable year. 4 (2) The-following-exemptions-are-allowed--for--estates 5 6 and-trustst 7 tet--+600-for-en-estatet 8 tb)--- \$300-for-a-simple-trustf-and 9 fet--steer-for--e-complex-trusty THE\_EXEMPIION\_ALLOWED EQR\_ ESTATES AND TRUSTS IS THAT EXEMPTION PROVIDED IN 10 15-30-112(2)(A) AND 15-30-112(8). 11 12 (3) The amount of tax must be determined from taxable income of an estate or trust in the same manner as the tax 13 on taxable income of individuals, by applying the rates 14 contained in 15-30-103. Credits allowed individuals under 15 Title 15, chapter 30, also apply to estates and trusts when 15 applicable. 17

18 (4) Remedies available for the administration, enforcement, and collection of individual income taxes also 19

apply to estates and trusts. 20

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NEW\_SECTION. Section 4. Effective date 21 applicability. This act is effective on passage and approval 22 and is applicable to taxable years peginning after December 23 31, 1982. 24

NEW\_SECTION. Section 5. Codification instruction. 25

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1 Sections 2 and 3 are intended to be codified as an integral

2 part of Title 15, chapter 30, part 1, and the provisions of

3 Title 15, chapter 30, apply to sections 2 and 3.

-End-

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