

Income/Franchise:

Montana: New Law Creates Elective Pass-Through Entity Tax with Refundable Credit

S.B. 554, signed by gov. 5/19/23. Effective for taxable years beginning after December 31, 2022, new law allows some pass-through entities to make an annual election to pay state tax at the entity level for taxable years beginning after December 31, 2022. Under the new law, an owner that is not a pass-through entity may claim a refundable credit against their individual income taxes equal to their distributive share of tax paid by the electing pass-through entity; an owner that is an electing pass-through entity may claim a refundable credit against their composite tax, withholding, or pass-through entity tax equal to their distributive share of tax paid by the electing pass-through entity.

URL:
[http://laws.leg.mt.gov/legprd/LAW0203W\\$BSRV.ActionQuery?P_SESS=20231&P_BLTP_BILL_TYP_CD=SB&P_BILL_NO=0554&P_BILL_DFT_NO=&P_CHPT_NO=&Z_ACTION=Find&P_ENTY_ID_SEQ2=&P_SBJT_SBJ_CD=&P_ENTY_ID_SEQ=](http://laws.leg.mt.gov/legprd/LAW0203W$BSRV.ActionQuery?P_SESS=20231&P_BLTP_BILL_TYP_CD=SB&P_BILL_NO=0554&P_BILL_DFT_NO=&P_CHPT_NO=&Z_ACTION=Find&P_ENTY_ID_SEQ2=&P_SBJT_SBJ_CD=&P_ENTY_ID_SEQ=)

See recently issued Multistate Tax Alert for more details on this new law, and please contact us with any questions.

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