



**Montana Department of Revenue**

# **Withholding Tax Guide**

**with**

## **Montana Withholding Tax Tables**

Revised January 2021

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# State Income Tax Withholding

## Employers' Withholding Responsibilities

Individuals who earn wages by performing services in Montana are liable for Montana income tax. As an employer, it is your duty by law to deduct taxes from the wages you pay. If you reside in Montana, or are a nonresident employer who pays wages for services performed in Montana, you are required to withhold Montana income tax. This money belongs to your employees and is only held in trust by you until paid to the state. You should not use withholding monies to operate your business.

## Payroll Withholding Guidelines

### Determine How Much to Withhold

The amount of tax you withhold from an employee's pay depends on three factors:

- the length of your payroll period;
- the employee's gross pay; and
- the number of withholding allowances and/or exemptions claimed on the Montana Form MW-4.

Wage withholding tax tables can be found at the end of this guide.

### Determine Withholding Allowances

The number of allowances and/or exemptions claimed is set by your employees when they complete the Montana Form MW-4. Due to changes to the federal Form W-4, we have implemented a Montana-specific Withholding Allowance and Exemption Certificate (Form MW-4) for state purposes. The following rules apply:

- New employees need to complete the Montana Form MW-4.
- Current employees do not need to fill out a Form MW-4 unless their situation changes.
- If line G on the Form MW-4 is left blank or has anything other than a number entered on it, your employee is claiming zero allowances and withholding tax should be calculated and deducted accordingly.
- Effective with Tax Year 2019, Form MW-4 replaced:
  - Form MT-R, Reciprocity Exemption from Withholding, used to claim the [North Dakota Reciprocity Agreement Exemption](#),
  - The Form MSR, Employee Certificate of Status under the Military Spouse Residency Relief Act (MSRRA); and
  - The Native American request for exemption.
- If an employee provides you with a Form MW-4 that meets any of these conditions, you must submit this form to the department by the last day of the payroll period in which the form was received. If we determine the Form MW-4 is unacceptable, we may notify you to disregard the allowances your employee claimed. We will then advise you of the maximum number of withholding allowances the employee can claim. If the same employee submits another Form MW-4 showing allowances greater than those set by the department, you are again required to disregard it.

### Exempt Wages

There are certain kinds of services and compensation that are excluded by law from withholding. Refer to the following Employment Tax Chart for a list of exemptions. If your employees qualify under the following exemptions, you do not need to withhold from their wages.

- **Spouse of U.S. Armed Forces Service Member** – On November 11, 2009, the Military Spouses Residency Relief Act was signed into law. The Act exempts wages paid to the spouse of a U.S. armed forces service member from state income tax if the spouse is a nonresident of the state in which the wages are earned and is present in the state solely to be with the service member who is stationed in the state. To be exempt from withholding, the service member's spouse must complete Section 2 of Form MW-4 and give it to the employer on or before January 31 of each year.

- **North Dakota Residents Reciprocity** – Montana and North Dakota have a reciprocal agreement that Montana will not tax North Dakota residents on compensation for personal or professional services performed in Montana. You are not required to withhold Montana income tax in this case. Employees who want to take advantage of this agreement need to complete Form MW-4 and provide it to you. The form is available at [MTRevenue.gov](http://MTRevenue.gov) and must be filed with the department no later than the last day of the payroll period which the employer received the form. We may notify you to disregard an employee's false or unsupported claim and require you to resume withholding.
- **Interstate Transportation** – If you are a motor or rail carrier, your employees are subject to the jurisdiction of the Interstate Commerce Commission and to income tax withholding only in their state of residency. Montana resident transportation workers must pay income tax to Montana on all of their wages.
- **Native Americans** – Wages paid to enrolled members of a Native American tribe are subject to withholding unless they reside on the reservation governed by their tribe and the wages are earned on that reservation. Employees must complete Section 2 of Form MW-4 and give it to the employer attesting that they reside on their reservation. When wages come from both reservation and nonreservation sources, only the wages from reservation sources are exempt from withholding, and only if employees meet all the criteria. When employees do not reside on their reservation for an entire pay period, only wages earned while they reside on the reservation are exempt from taxation, and only if they meet all the criteria.
- **Withholding from Pensions, Annuities, Deferred Compensations and IRAs** – Your employees' contributions to qualifying annuity contracts such as "tax sheltered" annuity plans for teachers, public employees deferred compensation, or other similar plans, as defined by the Internal Revenue Code (IRC), are exempt from withholding requirements to the extent that the contributions are not included in their adjusted gross income for federal income tax purposes. Contributions made to individual retirement accounts under Section 3401(a)(12), IRC, while considered compensation to the employee, are not subject to Montana withholding if you reasonably expect that your employee will be able to deduct such amounts as retirement savings account contributions. A payer is required to withhold on pension payments if the recipient requests withholding. Withholding from pensions can be requested on Form MW-4. The individual must specify a flat dollar amount on Line H of the form ([ARM 42.17.103](#)).
- **Withholding From Nonresidents and Nonresident Aliens** – Compensation you pay to a nonresident or nonresident alien is subject to Montana income tax withholding in all cases unless the compensation is specifically exempted under Montana law. (See earlier section on exempt wages.) If you employ nonresidents short term or indefinitely, their compensation is subject to withholding. Foreign Agricultural workers with H-2A visas are exempt from state income tax withholding. Compensation that may be excluded from federal withholding or Federal Adjusted Gross Income under a U.S. tax treaty is subject to Montana income tax withholding. The determination of whether or not a nonresident alien qualifies for tax treaty exclusion is not made until the Montana individual income tax return is filed by the nonresident alien at year end.

## **Withhold from Supplemental Wages**

If you pay supplemental wages (such as commissions, bonuses or overtime pay) with your employees' regular wages, the amount of tax withheld should be based on the total of the regular and supplemental wages. If you pay supplemental wages separately (for example, a holiday bonus), the tax withheld at your option is based on:

- The total of the supplemental wage and the regular wage for the current payroll period; or
- The total of the supplemental wage and the regular wage for the last preceding payroll period that falls within the same calendar year; or
- A flat 6 percent of the supplemental wage.

## Montana Employment Tax Chart

This chart is a guide to show which types of employment are subject or not subject to withholding.

Classes of Employment		
1	A dependent of the sole proprietor for whom the sole proprietor may claim an exemption under the Internal Revenue Code	Subject
2	Spouse/dependent child of sole proprietor	Subject
3	Members of a partnership or member-managed LLC	Not Subject
4	Corporate officers	Subject
5	Agricultural labor	Not Subject
6	Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority	Not Subject
7	Service performed by a duly ordained, commissioned, or licensed minister of a church in a ministerial duty or by a member of a religious order in the exercise of duties required by the order	Not Subject
8	Other church employees	Subject
9	Services of an individual under the age of 18 delivering or distributing newspapers to a point for subsequent delivery or distributions	Not Subject
10	The sale of newspapers or magazines to ultimate consumers where the newspapers or magazines are sold wholesale to the seller at a fixed price and seller keeps the excess	Not Subject
11	Freelance correspondents, provided the person is compensated solely by the story/picture	Not Subject
12	Real estate brokers who are independent contractors	Not Subject
13	Securities and insurance salespeople (non-statutory)	Subject
14	Direct sellers engaged in the sale of consumer products, primarily in the customer's home	Not Subject
15	Cosmetologists and barbers who are independent contractors	Not Subject
16	Services as an elected public official	Subject
17	Services performed at a school, college or university by a currently enrolled student or the spouse of such a student	Subject
18	Employment with any railroad engaged in interstate commerce	Subject - Only Montana Residents
19	Service performed by an individual who is enrolled at a nonprofit or public educational institution	Subject
20	Deceased worker – The deceased worker's final check is not subject to withholding, but is subject to individual income tax. Normally, the last check is made out to the decedent rather than to the estate and the wages are included on the W-2. On occasion, the final check is issued to the estate and entered on a 1099.	Not Subject
21	Companionship services – An employee in domestic service employment to provide companionship services, as defined in 29 CFR 552.6, or respite care for individuals who, because of age or infirmity, are unable to care for themselves as provided under Section 213(a)(15) of the Fair Labor Standards Act. 29 U.S.C. 213, when the person providing the service is employed directly by a family member or an individual who is a legal guardian.	Subject
22	Officials at school amateur athletic events	Subject
23	Montana Officials Association members who are assigned to school amateur athletic events	Not Subject
24	Services performed for a hospital by a patient of that hospital	Not Subject
25	Services performed in Montana in the employ of any other state or the United States government	Subject
26	Services by a citizen or resident of the United States for a foreign government or an international organization	Not Subject
27	Active duty as a member of the regular armed forces of the United States, as defined in 10 U.S.C. 101 (33)	Not Subject
28	National Guard training as provided in 5 U.S.C. 5517(d)	Subject
29	Person performing services in return for aid or sustenance only, payment in kind	Subject
30	Employer payment for, or a contribution toward, the cost of any employee benefit group plan or program including but not limited to life or hospitalization insurance for the employee or dependents	Not Subject

Type of Payments		
1	Payments in any medium other than cash	Subject
2	Payments in the form of lodging or meals, and the services are performed by the employee at the request of and for the convenience of the employer	Not Subject
3	Tips for services rendered at a place licensed to provide food, beverage or lodging in accordance with Section 3402(k) of the Internal Revenue Code of 1954	Not Subject
4	Allocated tips	Not Subject
5	All other tips	Subject
6	Dependent care assistance provided by an employer to, or on behalf of, an employee for which a credit is allowed under 15-30-2373 or 15-31-131, MCA	Not Subject

# Montana Withholding Payments

## Payment Schedule and Look-back Period

The withholding payments schedule is determined by the department based on the total amount you withheld during the previous year look-back period.

- Newly registered employers will follow a monthly payment schedule.
- For established or existing employers, the department will complete a look-back review to determine the business' reporting and payment schedule for the next calendar year.
  - The look-back period for the next tax year's filing frequency is the 12-month period from July 1 of the preceding year to June 30 of the current year.
  - If you did not have employees for the entire duration of the look-back period, follow the monthly payment schedule unless notified by the department.

## Withholding Payments Schedule

Amount Withheld during Look-back period	Payment Schedule	Filing Schedule
\$12,000 or more	Accelerated - pay per federal schedule.	MW-3 and W-2s are due January 31 for all Payment Schedules
\$1,200-11,999	Monthly – pay on the 15th of the following month.	
\$1,199 or less	Annual – pay on January 31 of the following year.	
Not Required	Payments are not required.	

We are required by law to:

- review your withholding and payment history to determine your payment schedule;
- notify you by November 1 of each year if your payment schedule will change for the next calendar year.

## Payment Guidelines

You may send payments more frequently than defined by the payment schedule for your account. Do not pay less frequently or you may be penalized.

## Payment Options

Paying online is the quickest and most convenient way to ensure your payment is recorded quickly and accurately. Our payment options are:

<u>Online</u>	<u>Online</u>	<u>Mail Check</u>
TransAction Portal <a href="http://TAP.DOR.MT.gov">TAP.DOR.MT.gov</a>	ACH Credit <a href="http://MTRevenue.gov">MTRevenue.gov</a>	Send <a href="#">MW-1 payment voucher</a> and check as instructed on the form.
Pay with an e-check (free) or with a credit/debit card (small fee) by logging into the withholding account or without logging off the home page.	Transfer funds from your financial institution to the Department of Revenue. See our website for more information.	To ensure proper credit to your account, you must include the Account ID and payment period on the voucher.

## Annual Filing Requirements

On or before January 31 of each year, you are required to file the following with the Montana Department of Revenue:

- Montana Annual W-2 1099 Withholding Tax Reconciliation form (MW-3) supporting the withholding reported on the Forms W-2 and 1099
- Wage and Tax statement (W-2) for each employee Montana wages were paid to, with or without withholding
- Forms 1099 with Montana state withholding

If you discover an error on the MW-3 after year end, you are required to file an amended MW-3, remit any tax due and file corrected W-2s and/or 1099s for each affected employee.

### Filing Forms MW-3, W-2 and 1099

A complete MW-3 must be filed with the department by January 31. The most accurate and efficient way to file the Form MW-3 is electronically through our TransAction Portal (TAP). The department does not accept the federal Form W-3. Employers are also required to provide the department with a W-2 for each employee as prescribed by the Internal Revenue Service. Whenever Montana wages are paid, you must prepare a W-2 for each employee regardless of whether any tax was withheld. Forms 1099 with Montana state withholding amount are also required to be submitted to the department with the MW-3.

#### Online

##### Single Entry

1. Log into [TAP](#); select your withholding account.
2. For MW-3s, select the File Return link. Your return will be populated from records the department has on file, including payments. Complete the deposit period end dates on column A of the return and update other information if needed.
3. For 1099s with withholding only and W-2s, you may
  - Manually enter your W-2s or 1099s forms and follow the steps provided on the screen.
  - Upload W-2, 1099s or withholding files in TAP. The files must be in the standard EFW2 or Pub1220 file format. Images and PDFs are not accepted.

##### File Upload

The TAP File Upload is for third-party companies who do not have access to their client's account, but would like to upload W-2, 1099, or Withholding files on their client's behalf using payroll software products approved by the Montana Department of Revenue. You or your business must have an established tax account in our system before using this feature.

1. Establish a TAP Login and File Upload account if you do not have one already.
  - From the home page of TAP, under Business, select View More Options.
  - Register to Upload a W-2, 1099, or Withholding Files, then follow the on-screen prompts.
2. Log into TAP, select the FLE account, and follow the steps provided on the screen to upload files.

#### Mail

Send paper MW-3s, 1099s (with Montana withholding) and W-2s to:

Montana Department of Revenue  
PO Box 5835  
Helena, MT 59604-5835

Important: To successfully process the forms, complete SSNs and FEINs are required on each W-2 and 1099 and all information must be clearly printed.



## Penalties

It is important that you file and pay on time. If you do not, your account can be assessed penalties and/or interest as explained below.

### Penalties for Late Pay

If you do not pay your tax when due as established by your payment schedule, the late payment penalty is 1.5 percent per month on the unpaid tax, not to exceed 15 percent of the tax due.

The interest on tax not paid by the due date as established by your payment schedule, is assessed at the rate of 6.25 percent per year and accrued at 0.01712 percent daily on the unpaid tax.

### Penalties for Late File

If you do not furnish W-2s by January 31, there is a penalty of \$50 or \$5 per W-2, whichever is greater.

### Failure to Withhold or Pay and Other Penalties

You are responsible to deduct and withhold as required under 15-30-2502, MCA. If you do not do so, you can be charged penalty and interest even if the actual tax liability has been paid by your employee. If you do not pay amounts withheld within the time provided, it is considered an illegal conversion of trust monies. The owners of the business are personally liable for the tax due even if the business is a corporation. The taxes are not dischargeable in the case of a bankruptcy, either by the business or individual that is liable for the tax. If it is established that you knowingly or purposely intended to evade tax or any lawful requirements of the Montana Department of Revenue, additional penalties of not less than \$1,000 and not more than \$10,000 may be assessed (15-1-216(3), MCA).

## Manage Your Montana Account

### Register Your Withholding Account

Before you begin, you need the following information to complete your registration.

- **Federal Employer Identification Number** as used to report to the Internal Revenue Service. If you do not have an FEIN, visit [irs.gov](http://irs.gov) to learn how to get one.
- **Date** your employees started working in Montana.
- **Legal business name** as associated with the identification number and as reported to the Internal Revenue Service.
- **Assumed business name, trade name or DBA**. This is the name used before the public.
- **Legal business address**. This must be the physical street address of the legal business headquarters.
- **Current mailing address**. This may be a post office box or other address. This is the address where the department will send all correspondence.
- **Contact name and phone number**. This is the individual that will act as the entity's representative.

Register your business online, via fax or mail. See information in the gray box at the end of this section.

### Access and Manage Your Withholding Account

Once the department has approved your registration, you will receive your Montana Department of Revenue Account ID. Remember to provide this ID with all correspondence, payments and returns sent to the department. Use this ID to sign up for the free TransAction Portal (TAP). In TAP, you can view and print returns, make and view payments, view your balance, view letters, manage login access and add or edit name and address information.



## **Change a Business Name**

To change your legal business name, fax or mail a written request to the department. In your request, provide your Montana Department of Revenue Account ID, FEIN, current legal business name, new legal business name, contact name, and phone number. See information in the gray box at the end of this section on page 8.

To change the assumed business name, trade name or DBA, you may submit the request online, by fax or mail. See the information in the gray box at the end of this section.

## **Change a Business Address**

Change your mailing or location address online, by fax or mail. See information in the gray box at the end of this section.

## **Close Your Withholding Account**

If your business is sold, closes, changes entity type or you discontinue paying Montana wages and you don't anticipate paying Montana wages within the next 12 months, fax or mail a written request to close your withholding account. Include account ID, FEIN, business name, contact name, phone number, reason for closure and date of the last payroll. See the information in the gray box at the end of this section.

Within 30 days of ceasing to be an employer or paying payroll, you are required to send:

- payment for the final payroll period in which wages were paid, and
- the MW-3 and W-2s reporting your employees' wages and taxes withheld during the year to the date of termination of wage payments.

## **File a Power of Attorney**

A Power of Attorney form is necessary in instances when a tax preparer or any other nonowner that is not otherwise listed as a contact on the account needs access to or needs to discuss with the department any information regarding your withholding account. File a Power of Attorney on TAP. See information in the gray box at the end of this section.

## **Grant Third Party Online Access**

Third-party online access can be granted using our TransAction Portal (TAP) to an accountant, bookkeeper, tax preparer, or other professional conducting business on behalf of their client (the tax account holder). With applicable validation, third parties can request access to the customer's tax account and receive immediate pay access without the customer granting access. The tax account holder can grant different levels of access to their account. This access remains in effect until the tax account holder removes or changes permission. If someone requests access to your account, such as an accountant, you will receive an email stating who requested access. If you choose not to grant access, no action is required. See our website at [MTRevenue.gov](http://MTRevenue.gov) for further assistance.

## **Maintain Records**

To be prepared for an audit, you must keep a record of:

- begin and end date of each pay period;
- total wages paid during each pay period;
- method of payment;
- your employees' names, Social Security Numbers and wages for each pay period; and
- your employees' W-4s for all payroll periods.

For a complete explanation of the records you must keep, refer to [42.17.203](#) of the Administrative Rules of Montana at [www.mtrules.org](http://www.mtrules.org).

Your records must be available for inspection by the Montana Department of Revenue or our authorized representative. A field representative may audit your records. The purpose of an audit is to ensure your returns are being filed correctly and that you are complying with the law. The field representatives are available to answer your questions and help you understand the state income tax withholding program.

<b><u>Online</u></b>	<b><u>Fax</u></b>	<b><u>Mail</u></b>
TransAction Portal <a href="http://TAP.DOR.MT.gov">TAP.DOR.MT.gov</a>  Register, access and manage your account online. Submit and view returns, payments and account balance. Submit a Power of Attorney.	(406) 444-7723  Complete the general registration ( <a href="#">Form GenReg</a> ), change entity information, close your account or submit a Power of Attorney.	Montana Department of Revenue PO Box 5805 Helena, MT 59604-5805

## Montana Department of Revenue Contact Information

If you have questions, please contact the Montana Department of Revenue. We are happy to serve you!

<b><u>Web</u></b>	<b><u>Email</u></b>	<b><u>Phone</u></b>	<b><u>Mail</u></b>
<a href="http://MTRevenue.gov">MTRevenue.gov</a>	<a href="mailto:DORWithholding@mt.gov">DORWithholding@mt.gov</a>	(406) 444-6900 Montana Relay at 711 for the hearing impaired	Montana Department of Revenue PO Box 5835 Helena, MT 59604-5835

# Monthly Withholding Table

(Last revised on January 10, 2005. Effective until further notice.)

Gross Wages Paid		0	1	2	3	4	5	6	7	8	9	10 or more
At Least	But Less Than	AMOUNT TO BE WITHHELD										
0	50	0	0	0	0	0	0	0	0	0	0	0
50	100	1	0	0	0	0	0	0	0	0	0	0
100	200	3	0	0	0	0	0	0	0	0	0	0
200	300	5	2	0	0	0	0	0	0	0	0	0
300	400	6	3	1	0	0	0	0	0	0	0	0
400	500	8	5	2	0	0	0	0	0	0	0	0
500	600	10	7	4	1	0	0	0	0	0	0	0
600	700	13	9	6	3	0	0	0	0	0	0	0
700	800	18	11	8	5	2	0	0	0	0	0	0
800	900	22	15	10	7	4	1	0	0	0	0	0
900	1000	27	20	13	9	6	3	0	0	0	0	0
1000	1100	31	24	17	10	8	5	2	0	0	0	0
1100	1200	35	28	22	15	9	6	4	1	0	0	0
1200	1300	40	33	26	19	12	8	5	3	0	0	0
1300	1400	46	37	30	23	16	10	7	4	2	0	0
1400	1500	52	42	35	28	21	14	9	6	3	0	0
1500	1600	58	48	39	32	25	18	11	8	5	2	0
1600	1700	64	54	45	37	30	23	16	10	7	4	1
1700	1800	70	60	51	41	34	27	20	13	9	6	3
1800	1900	76	66	57	47	38	31	24	17	11	8	5
1900	2000	82	72	63	53	44	36	29	22	15	9	7
2000	2100	88	78	69	59	50	40	33	26	19	12	8
2100	2200	94	84	75	65	56	46	38	31	24	17	10
2200	2300	100	90	81	71	62	52	43	35	28	21	14
2300	2400	106	96	87	77	68	58	49	39	33	26	19
2400	2500	112	102	93	83	74	64	55	45	37	30	23
2500	2750	122	113	103	94	84	75	65	56	46	38	31
2750	3000	137	128	118	109	99	90	80	71	61	52	42
3000	3250	152	143	133	124	114	105	95	86	76	67	57
3250	3500	167	158	148	139	129	120	110	101	91	82	72
3500	3750	182	173	163	154	144	135	125	116	106	97	87
3750	4000	197	188	178	169	159	150	140	131	121	112	102
4000	4250	212	203	193	184	174	165	155	146	136	127	117
4250	4500	227	218	208	199	189	180	170	161	151	142	132
4500	4750	242	233	223	214	204	195	185	176	166	157	147
4750	5000	257	248	238	229	219	210	200	191	181	172	162
5000	5250	272	263	253	244	234	225	215	206	196	187	177
5250	5500	287	278	268	259	249	240	230	221	211	202	192
5500	5750	302	293	283	274	264	255	245	236	226	217	207
5750	6000	317	308	298	289	279	270	260	251	241	232	222
6000	6250	332	323	313	304	294	285	275	266	256	247	237
6250	6500	347	338	328	319	309	300	290	281	271	262	252
6500	6750	362	353	343	334	324	315	305	296	286	277	267
6750	7000	377	368	358	349	339	330	320	311	301	292	282
7000	7250	392	383	373	364	354	345	335	326	316	307	297
7250	7500	407	398	388	379	369	360	350	341	331	322	312
7500	7750	422	413	403	394	384	375	365	356	346	337	327
7750	8000	437	428	418	409	399	390	380	371	361	352	342
8000	8250	452	443	433	424	414	405	395	386	376	367	357
8250	8500	467	458	448	439	429	420	410	401	391	382	372
8500	8750	482	473	463	454	444	435	425	416	406	397	387
8750	9000	497	488	478	469	459	450	440	431	421	412	402
9000	9250	512	503	493	484	474	465	455	446	436	427	417
9250	9500	527	518	508	499	489	480	470	461	451	442	432
9500	9750	542	533	523	514	504	495	485	476	466	457	447
9750	10000	557	548	538	529	519	510	500	491	481	472	462
10000	10250	573	563	553	544	534	525	515	506	496	487	477
10250	10500	590	579	569	559	549	540	530	521	511	502	492
10500	10750	606	596	585	575	564	555	545	536	526	517	507
10750	11000	623	612	602	591	581	570	560	551	541	532	522
6.6% of the amount over 11000 plus....												
11000	or over	631	620	610	599	589	579	568	558	549	539	530

# Semi-Monthly Withholding Table

(Last revised on January 10, 2005. Effective until further notice.)

Gross Wages Paid		0	1	2	3	4	5	6	7	8	9	10 or more
At Least	But Less Than	AMOUNT TO BE WITHHELD										
0	50	0	0	0	0	0	0	0	0	0	0	0
50	100	1	0	0	0	0	0	0	0	0	0	0
100	150	2	1	0	0	0	0	0	0	0	0	0
150	200	3	2	0	0	0	0	0	0	0	0	0
200	250	4	3	1	0	0	0	0	0	0	0	0
250	300	5	4	2	1	0	0	0	0	0	0	0
300	350	7	4	3	2	0	0	0	0	0	0	0
350	400	9	5	4	2	1	0	0	0	0	0	0
400	450	11	8	5	3	2	1	0	0	0	0	0
450	500	13	10	6	4	3	1	0	0	0	0	0
500	600	17	13	10	6	4	3	1	0	0	0	0
600	700	21	18	14	11	7	5	3	2	0	0	0
700	800	27	23	18	15	11	8	5	4	2	1	0
800	900	33	29	24	19	16	12	9	5	4	2	1
900	1000	39	35	30	25	20	17	13	10	6	4	3
1000	1100	45	41	36	31	26	22	18	14	11	7	5
1100	1200	51	47	42	37	32	28	23	19	15	12	8
1200	1300	57	53	48	43	38	34	29	24	20	16	13
1300	1400	63	59	54	49	44	40	35	30	25	21	17
1400	1500	69	65	60	55	50	46	41	36	31	27	22
1500	1600	75	71	66	61	56	52	47	42	37	33	28
1600	1700	81	77	72	67	62	58	53	48	43	39	34
1700	1800	87	83	78	73	68	64	59	54	49	45	40
1800	1900	93	89	84	79	74	70	65	60	55	51	46
1900	2000	99	95	90	85	80	76	71	66	61	57	52
2000	2100	105	101	96	91	86	82	77	72	67	63	58
2100	2200	111	107	102	97	92	88	83	78	73	69	64
2200	2300	117	113	108	103	98	94	89	84	79	75	70
2300	2400	123	119	114	109	104	100	95	90	85	81	76
2400	2500	129	125	120	115	110	106	101	96	91	87	82
2500	2600	135	131	126	121	116	112	107	102	97	93	88
2600	2700	141	137	132	127	122	118	113	108	103	99	94
2700	2800	147	143	138	133	128	124	119	114	109	105	100
2800	2900	153	149	144	139	134	130	125	120	115	111	106
2900	3000	159	155	150	145	140	136	131	126	121	117	112
3000	3100	165	161	156	151	146	142	137	132	127	123	118
3100	3200	171	167	162	157	152	148	143	138	133	129	124
3200	3300	177	173	168	163	158	154	149	144	139	135	130
3300	3400	183	179	174	169	164	160	155	150	145	141	136
3400	3500	189	185	180	175	170	166	161	156	151	147	142
3500	3600	195	191	186	181	176	172	167	162	157	153	148
3600	3700	201	197	192	187	182	178	173	168	163	159	154
3700	3800	207	203	198	193	188	184	179	174	169	165	160
3800	3900	213	209	204	199	194	190	185	180	175	171	166
3900	4000	219	215	210	205	200	196	191	186	181	177	172
4000	4100	225	221	216	211	206	202	197	192	187	183	178
4100	4200	231	227	222	217	212	208	203	198	193	189	184
4200	4300	237	233	228	223	218	214	209	204	199	195	190
4300	4400	243	239	234	229	224	220	215	210	205	201	196
4400	4500	249	245	240	235	230	226	221	216	211	207	202
4500	4600	255	251	246	241	236	232	227	222	217	213	208
4600	4700	261	257	252	247	242	238	233	228	223	219	214
4700	4800	267	263	258	253	248	244	239	234	229	225	220
4800	4900	273	269	264	259	254	250	245	240	235	231	226
4900	5000	279	275	270	265	260	256	251	246	241	237	232
5000	5100	285	281	276	271	266	262	257	252	247	243	238
5100	5200	292	287	282	277	272	268	263	258	253	249	244
5200	5300	305	294	288	283	278	274	269	264	259	255	250
5300	5400	306	300	295	290	285	280	275	270	265	261	256
5400	5500	312	307	302	296	291	286	281	276	271	267	262
6.6% of the amount over 5500 plus....												
5500	or over	315	310	305	300	295	289	284	279	274	270	265

# Bi-Weekly Withholding Table

(Last revised on January 10, 2005. Effective until further notice.)

Gross Wages Paid		0	1	2	3	4	5	6	7	8	9	10 or more
At Least	But Less Than	AMOUNT TO BE WITHHELD										
0	20	0	0	0	0	0	0	0	0	0	0	0
20	30	0	0	0	0	0	0	0	0	0	0	0
30	40	1	0	0	0	0	0	0	0	0	0	0
40	50	1	0	0	0	0	0	0	0	0	0	0
50	60	1	0	0	0	0	0	0	0	0	0	0
60	70	1	0	0	0	0	0	0	0	0	0	0
70	80	1	0	0	0	0	0	0	0	0	0	0
80	90	2	0	0	0	0	0	0	0	0	0	0
90	100	2	0	0	0	0	0	0	0	0	0	0
100	125	2	1	0	0	0	0	0	0	0	0	0
125	150	2	1	0	0	0	0	0	0	0	0	0
150	175	3	2	0	0	0	0	0	0	0	0	0
175	200	3	2	1	0	0	0	0	0	0	0	0
200	225	4	3	1	0	0	0	0	0	0	0	0
225	250	4	3	2	0	0	0	0	0	0	0	0
250	300	5	4	2	1	0	0	0	0	0	0	0
300	400	8	5	4	2	1	0	0	0	0	0	0
400	500	13	10	6	4	3	2	0	0	0	0	0
500	600	17	14	11	8	5	3	2	1	0	0	0
600	700	23	18	15	12	9	6	4	2	1	0	0
700	800	29	24	20	16	13	10	7	4	3	2	0
800	900	35	30	26	22	18	14	11	8	5	3	2
900	1000	41	36	32	28	23	19	16	12	9	6	4
1000	1100	47	42	38	34	29	25	20	17	13	10	7
1100	1200	53	48	44	40	35	31	26	22	18	15	11
1200	1300	59	54	50	46	41	37	32	28	24	19	16
1300	1400	65	60	56	52	47	43	38	34	30	25	21
1400	1500	71	66	62	58	53	49	44	40	36	31	27
1500	1600	77	72	68	64	59	55	50	46	42	37	33
1600	1700	83	78	74	70	65	61	56	52	48	43	39
1700	1800	89	84	80	76	71	67	62	58	54	49	45
1800	1900	95	90	86	82	77	73	68	64	60	55	51
1900	2000	101	96	92	88	83	79	74	70	66	61	57
2000	2100	107	102	98	94	89	85	80	76	72	67	63
2100	2200	113	108	104	100	95	91	86	82	78	73	69
2200	2300	119	114	110	106	101	97	92	88	84	79	75
2300	2400	125	120	116	112	107	103	98	94	90	85	81
2400	2500	131	126	122	118	113	109	104	100	96	91	87
2500	2600	137	132	128	124	119	115	110	106	102	97	93
2600	2700	143	138	134	130	125	121	116	112	108	103	99
2700	2800	149	144	140	136	131	127	122	118	114	109	105
2800	2900	155	150	146	142	137	133	128	124	120	115	111
2900	3000	161	156	152	148	143	139	134	130	126	121	117
3000	3100	167	162	158	154	149	145	140	136	132	127	123
3100	3200	173	168	164	160	155	151	146	142	138	133	129
3200	3300	179	174	170	166	161	157	152	148	144	139	135
3300	3400	185	180	176	172	167	163	158	154	150	145	141
3400	3500	191	186	182	178	173	169	164	160	156	151	147
3500	3600	197	192	188	184	179	175	170	166	162	157	153
3600	3700	203	198	194	190	185	181	176	172	168	163	159
3700	3800	209	204	200	196	191	187	182	178	174	169	165
3800	3900	215	210	206	202	197	193	188	184	180	175	171
3900	4000	221	216	212	208	203	199	194	190	186	181	177
4000	4100	227	222	218	214	209	205	200	196	192	187	183
4100	4200	233	228	224	220	215	211	206	202	198	193	189
4200	4300	239	234	230	226	221	217	212	208	204	199	195
4300	4400	245	240	236	232	227	223	218	214	210	205	201
4400	4500	251	246	242	238	233	229	224	220	216	211	207
4500	4600	257	252	248	244	239	235	230	226	222	217	213
4600	4700	263	258	254	250	245	241	236	232	228	223	219
6.6% of the amount over 4700 plus....												
4700	or over	266	261	257	253	248	244	239	235	231	226	222

# Weekly Withholding Table

(Last revised on January 10, 2005. Effective until further notice.)

Gross Wages Paid												
At Least	But Less Than	0	1	2	3	4	5	6	7	8	9	10 or more
AMOUNT TO BE WITHHELD												
0	10	0	0	0	0	0	0	0	0	0	0	0
10	15	0	0	0	0	0	0	0	0	0	0	0
15	20	0	0	0	0	0	0	0	0	0	0	0
20	25	0	0	0	0	0	0	0	0	0	0	0
25	30	0	0	0	0	0	0	0	0	0	0	0
30	35	1	0	0	0	0	0	0	0	0	0	0
35	40	1	0	0	0	0	0	0	0	0	0	0
40	45	1	0	0	0	0	0	0	0	0	0	0
45	50	1	0	0	0	0	0	0	0	0	0	0
50	55	1	0	0	0	0	0	0	0	0	0	0
55	60	1	0	0	0	0	0	0	0	0	0	0
60	65	1	0	0	0	0	0	0	0	0	0	0
65	70	1	1	0	0	0	0	0	0	0	0	0
70	75	1	1	0	0	0	0	0	0	0	0	0
75	80	1	1	0	0	0	0	0	0	0	0	0
80	85	1	1	0	0	0	0	0	0	0	0	0
85	90	2	1	0	0	0	0	0	0	0	0	0
90	95	2	1	0	0	0	0	0	0	0	0	0
95	100	2	1	0	0	0	0	0	0	0	0	0
100	110	2	1	1	0	0	0	0	0	0	0	0
110	120	2	1	1	0	0	0	0	0	0	0	0
120	130	2	2	1	0	0	0	0	0	0	0	0
130	140	2	2	1	0	0	0	0	0	0	0	0
140	150	3	2	1	1	0	0	0	0	0	0	0
150	160	3	2	1	1	0	0	0	0	0	0	0
160	170	4	2	2	1	0	0	0	0	0	0	0
170	180	4	3	2	1	1	0	0	0	0	0	0
180	195	5	3	2	1	1	0	0	0	0	0	0
195	210	5	4	2	2	1	0	0	0	0	0	0
210	225	6	4	3	2	1	1	0	0	0	0	0
225	240	7	5	4	2	2	1	0	0	0	0	0
240	255	7	6	4	3	2	1	1	0	0	0	0
255	270	8	6	5	3	2	1	1	0	0	0	0
270	285	9	7	5	4	2	2	1	0	0	0	0
285	300	9	8	6	5	3	2	1	1	0	0	0
300	320	10	9	7	5	4	2	2	1	0	0	0
320	340	12	9	8	6	5	3	2	1	1	0	0
340	360	13	11	9	7	5	4	2	2	1	0	0
360	380	14	12	10	8	6	5	3	2	1	1	0
380	400	15	13	11	9	7	6	4	2	2	1	0
400	500	19	17	15	12	10	8	7	5	3	2	2
500	600	25	23	21	18	16	14	12	10	8	6	5
600	700	31	29	27	24	22	20	18	16	13	11	9
700	800	37	35	33	30	28	26	24	22	19	17	15
800	900	43	41	39	36	34	32	30	28	25	23	21
900	1000	49	47	45	42	40	38	36	34	31	29	27
1000	1100	55	53	51	48	46	44	42	40	37	35	33
1100	1200	61	59	57	54	52	50	48	46	43	41	39
1200	1300	67	65	63	60	58	56	54	52	49	47	45
1300	1400	73	71	69	66	64	62	60	58	55	53	51
1400	1500	79	77	75	72	70	68	66	64	61	59	57
1500	1600	85	83	81	78	76	74	72	70	67	65	63
1600	1700	91	89	87	84	82	80	78	76	73	71	69
1700	1800	97	95	93	90	88	86	84	82	79	77	75
1800	1900	103	101	99	96	94	92	90	88	85	83	81
1900	2000	109	107	105	102	100	98	95	94	91	89	87
2000	2100	115	113	111	108	106	104	102	100	97	95	93
2100	2200	121	119	117	114	112	110	108	106	103	101	99
2200	2300	127	125	123	120	118	116	114	112	109	107	105
2300	2400	133	131	129	126	124	122	120	118	115	113	111
6.6% of the amount over 2400 plus....												
2400	or over	136	134	132	129	127	125	123	121	118	116	114

# Daily Withholding Table

(Last revised on January 10, 2005. Effective until further notice.)

Gross Wages Paid		0	1	2	3	4	5	6	7	8	9	10 or more
At Least	But Less Than	AMOUNT TO BE WITHHELD										
0	5	0	0	0	0	0	0	0	0	0	0	0
5	10	0	0	0	0	0	0	0	0	0	0	0
10	15	0	0	0	0	0	0	0	0	0	0	0
15	20	0	0	0	0	0	0	0	0	0	0	0
20	25	0	0	0	0	0	0	0	0	0	0	0
25	30	1	0	0	0	0	0	0	0	0	0	0
30	35	1	1	0	0	0	0	0	0	0	0	0
35	40	1	1	1	0	0	0	0	0	0	0	0
40	45	1	1	1	1	0	0	0	0	0	0	0
45	50	2	1	1	1	1	0	0	0	0	0	0
50	55	2	2	1	1	1	1	0	0	0	0	0
55	60	2	2	2	1	1	1	1	0	0	0	0
60	65	3	2	2	2	1	1	1	1	0	0	0
65	70	3	3	2	2	2	1	1	1	1	0	0
70	75	3	3	3	2	2	2	1	1	1	1	0
75	80	3	3	3	3	2	2	2	1	1	1	1
80	85	4	3	3	3	3	2	2	2	1	1	1
85	90	4	4	3	3	3	3	2	2	2	1	1
90	95	4	4	4	3	3	3	3	2	2	2	1
95	100	5	4	4	4	3	3	3	3	2	2	2
100	105	5	5	4	4	4	3	3	3	2	2	2
105	110	5	5	5	4	4	4	3	3	3	2	2
110	115	6	5	5	5	4	4	4	3	3	3	2
115	120	6	6	5	5	5	4	4	4	3	3	3
120	125	6	6	6	5	5	5	4	4	4	3	3
125	130	6	6	6	6	5	5	5	4	4	4	3
130	135	7	6	6	6	6	5	5	5	4	4	4
135	140	7	7	6	6	6	6	5	5	5	4	4
140	145	7	7	7	6	6	6	6	5	5	5	4
145	150	8	7	7	7	6	6	6	6	5	5	5
150	155	8	8	7	7	7	6	6	6	5	5	5
155	160	8	8	8	7	7	7	6	6	6	5	5
160	165	9	8	8	8	7	7	7	6	6	6	5
165	170	9	9	8	8	8	7	7	7	6	6	6
170	175	9	9	9	8	8	8	7	7	7	6	6
175	180	9	9	9	9	8	8	8	7	7	7	6
180	185	10	9	9	9	9	8	8	8	7	7	7
185	190	10	10	9	9	9	9	8	8	8	7	7
190	195	10	10	10	9	9	9	9	8	8	8	7
195	200	11	10	10	10	9	9	9	9	8	8	8
200	205	11	11	10	10	10	9	9	9	8	8	8
205	210	11	11	11	10	10	10	9	9	9	8	8
210	215	12	11	11	11	10	10	10	9	9	9	8
215	220	12	12	11	11	11	10	10	10	9	9	9
220	225	12	12	12	11	11	11	10	10	10	9	9
225	230	12	12	12	12	11	11	11	10	10	10	9
230	235	13	12	12	12	12	11	11	11	10	10	10
235	240	13	13	12	12	12	12	11	11	11	10	10
240	245	13	13	13	12	12	12	12	11	11	11	10
245	250	14	13	13	13	12	12	12	12	11	11	11
250	255	14	14	13	13	13	12	12	12	11	11	11
255	260	14	14	14	13	13	13	12	12	12	11	11
260	265	15	14	14	14	13	13	13	12	12	12	11
265	270	15	15	14	14	14	13	13	13	12	12	12
270	280	15	15	15	14	14	14	13	13	13	13	12
280	290	16	16	15	15	15	14	14	14	13	13	13
290	300	17	16	16	16	15	15	15	14	14	14	13
300	310	17	17	17	16	16	16	15	15	15	14	14
310	320	18	17	17	17	16	16	16	16	15	15	15
320	330	18	18	18	17	17	17	16	16	16	16	15
		6.6% of the amount over 330 plus....										
330	or over	19	18	18	18	17	17	17	16	16	16	16



## Montana Withholding Tax Formula for Computerized Payroll Systems

This formula will duplicate the results found in the tables immediately preceding this section. There may be insignificant variances due to rounding. If you have any problems in applying these formulas to your payroll, please call (406) 444-6900.

### Definitions:

**G** = Gross Earnings for the payroll period

**N** = Number of withholding allowances claimed

**T** = Net taxable earnings for the payroll period

**W** = Withholding tax for the payroll period

Exemption value (for the annual table): \$1,900

Standard Deduction amount: \$0

**Important:** All amounts to be withheld must be rounded to the nearest dollar.

**Note:** There is a two-step calculation involved in this formula.

Step 1: The net taxable earnings "T" must be computed. Net taxable earnings is based on the level of gross earnings and the number of withholding allowances claimed.

Step 2: The actual tax to be withheld "W" is calculated. The actual tax withheld is calculated by using the schedule provided.

### Monthly Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - (\$158 \times N)$$

Step 2: Calculate Withholding Tax "W"

$$W = A + (B \times (T - C))$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$583	\$0	plus	1.80%	of the taxable earnings	\$0
\$583	\$1,250	\$11	plus	4.40%	of the net taxable earnings over	\$583
\$1,250	\$10,000	\$40	plus	6.00%	of the net taxable earnings over	\$1,250
\$10,000	and over	\$565	plus	6.60%	of the net taxable earnings over	\$10,000

### Semi-Monthly Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - (\$79 \times N)$$

Step 2: Calculate Withholding Tax "W"

$$W = A + (B \times (T - C))$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$292	\$0	plus	1.80%	of the taxable earnings	\$0
\$292	\$625	\$5	plus	4.40%	of the net taxable earnings over	\$292
\$625	\$5,000	\$20	plus	6.00%	of the net taxable earnings over	\$625
\$5,000	and over	\$282	plus	6.60%	of the net taxable earnings over	\$5,000

### Bi-Weekly Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - (\$73 \times N)$$

Step 2: Calculate Withholding Tax "W"

$$W = A + (B \times (T - C))$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$269	\$0	plus	1.8%	of the taxable earnings	\$0
\$269	\$577	\$5	plus	4.4%	of the net taxable earnings over	\$269
\$577	\$4,615	\$18	plus	6.0%	of the net taxable earnings over	\$577
\$4,615	and over	\$261	plus	6.6%	of the net taxable earnings over	\$4,615

### Weekly Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - ( \$37 \times N )$$

Step 2: Calculate Withholding Tax "W"

$$W = A + ( B \times ( T - C ) )$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$135	\$0	plus	1.80%	of the taxable earnings	\$0
\$135	\$288	\$2	plus	4.40%	of the net taxable earnings over	\$135
\$288	\$2,308	\$9	plus	6.00%	of the net taxable earnings over	\$288
\$2,308	and over	\$130	plus	6.60%	of the net taxable earnings over	\$2,308

### Daily Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - ( \$5 \times N )$$

Step 2: Calculate Withholding Tax "W"

$$W = A + ( B \times ( T - C ) )$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$19	\$0	plus	1.80%	of the taxable earnings	\$0
\$19	\$41	\$0	plus	4.40%	of the net taxable earnings over	\$19
\$41	\$329	\$1	plus	6.00%	of the net taxable earnings over	\$41
\$329	and over	\$19	plus	6.60%	of the net taxable earnings over	\$329

### Annual Payroll Period

Step 1: Calculate Taxable earnings "T"

$$T = G - ( \$1,900 \times N )$$

Step 2: Calculate Withholding Tax "W"

$$W = A + ( B \times ( T - C ) )$$

Net Taxable Earnings, T

**ROUND ALL RESULTS TO NEAREST DOLLAR**

At least...	Less than	A	Plus	B	Times the amount which T exceeds	C
\$0	\$7,000	\$0	plus	1.80%	of the taxable earnings	\$0
\$7,000	\$15,000	\$126	plus	4.40%	of the net taxable earnings over	\$7,000
\$15,000	\$120,000	\$478	plus	6.00%	of the net taxable earnings over	\$15,000
\$120,000	and over	\$6,778	plus	6.60%	of the net taxable earnings over	\$120,000

Example 1: An employee earns \$550 during a semi-monthly payroll period and claims five withholding allowances.

$$\text{Step 1: } T = \$550 - ( \$79 \times 5 ) = \$550 - \$395 = \$155$$

$$\text{Step 2: } W = \$0 + ( 0.018 \times ( \$155 - \$0 ) ) = \$3 \text{ Rounded to the nearest dollar}$$

Example 2: An employee claiming two exemptions earns \$2,950 during a bi-weekly payroll period.

$$\text{Step 1: } T = \$2,950 - ( \$73 \times 2 ) = \$2,950 - \$146 = \$2,804$$

$$\text{Step 2: } W = \$16 + ( 0.060 \times ( \$2,804 - \$577 ) ) = \$150 \text{ Rounded to the nearest dollar}$$

Example 3: An employee claiming one exemption earns \$135 during a weekly payroll period.

$$\text{Step 1: } T = \$135 - ( \$37 \times 1 ) = \$98$$

$$\text{Step 2: } W = \$0 + ( 0.018 \times ( \$98 - \$0 ) ) = \$2 \text{ Rounded to the nearest dollar}$$