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**Schedule II – Montana Subtractions from Federal Adjusted Gross Income**

Enter your subtractions from federal adjusted gross income on the corresponding line.

**File Schedule II with your Montana Form 2.**

Column A (for single, joint, separate, or head of household)

Column B (for spouse when filing separately using filing status 3a)

		Column A (for single, joint, separate, or head of household)	Column B (for spouse when filing separately using filing status 3a)
1	Exempt interest and mutual fund dividends from federal bonds, notes and obligations.....	00	00
2	Exempt tribal income. Include Form ETM .....	00	00
3	Exempt unemployment compensation .....	00	00
4	Exempt workers' compensation benefits .....	00	00
5	Exempt capital gains and dividends from small business investment companies.....	00	00
6	State income tax refunds included on Form 2, line 10 .....	00	00
7	Recoveries of amounts deducted in earlier years that did not reduce Montana income tax .....	00	00
8	Exempt military salary of residents on active duty.....	00	00
9	Exempt income of nonresident military servicepersons .....	00	00
10	Exempt life insurance premiums reimbursement for National Guard and Reservist.....	00	00
11	Partial pension and annuity income exemption. Report Tier II Railroad Retirement on line 24 below. Complete Worksheet IV on page 45.....	00	00
12	Partial interest exemption for taxpayers 65 and older .....	00	00
13	Partial retirement disability income exemption for taxpayers under age 65. Include Form DS-1 .....	00	00
14	Exemption for certain taxed tips and gratuities.....	00	00
15	Exemption for certain income of child taxed to parent.....	00	00
16	Exemption for certain health insurance premiums taxed to employee.....	00	00
17	Exemption for student loan repayments taxed to health care professional .....	00	00
18	Exempt medical care savings account deposits and earnings. Include Form MSA .....	00	00
19	Exempt first-time home buyer savings account deposits and earnings. Include Form FTB.....	00	00
20	Exempt family education savings account deposits .....	00	00
21	Exempt Montana Achieving a Better Life Experience Act (ABLE) account deposits .....	00	00
22	Exempt farm and ranch risk management account deposits. Include Form FRM.....	00	00
23	Subtraction from federal taxable social security benefits/Tier I Railroad Retirement reported on Form 2, line 20b. Complete Worksheet VIII on page 48.....	00	00
24	Subtraction for federal taxable Tier II Railroad Retirement benefits reported on Form 2, line 16b.....	00	00
25	Passive loss adjustment.....	00	00
26	Capital loss adjustment .....	00	00
27	Subtraction of sole proprietor for allocation of compensation to spouse .....	00	00
28	Montana net operating loss carryover from Montana Form NOL, Schedule B.....	00	00
29	40% capital gain exclusion for pre-1987 installment sales. Complete Worksheet III on page 45 .....	00	00
30	Subtraction for business-related expenses for purchasing recycled material. Include Form RCYL.....	00	00
31	Subtraction for sales of land to beginning farmers .....	00	00
32	Subtraction for larger federal estate and trust taxable distribution .....	00	00
33	Subtraction for wage deduction reduced by federal targeted jobs credit.....	00	00
34	Subtraction for certain gains recognized by liquidating corporation .....	00	00
35	Other subtractions. Specify: <input type="text"/>	00	00
36	Add lines 1 through 35. Enter the total here and on Form 2, line 40. <b>This is your total Montana subtractions from federal adjusted gross income.</b> .....	00	00

