



N  
F  
C  
  
B  
U  
L  
L  
E  
T  
I  
N

Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-16, Montana State Income Tax Withholding

Date: June 21, 2004

To: Holders of TAXES (State of Montana only)  
Personnel User Groups  
T&A Contact Points in Montana

Beginning with wages paid for Pay Period 13, the National Finance Center (NFC) will make the following changes to the state of Montana income tax withholdings:

- The annual exemption amount will increase from \$1,700 to \$1,780.
- The nontaxable biweekly Federal Health Benefits Plan payment and the taxable biweekly fringe benefits payment statements will be added to the state tax formula.
- The withholding table will change.
- The amount of state income tax withheld will be rounded to the nearest dollar.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

for

RANDOLPH H. GONZALES, Acting Director  
Government Employees Services Division

# Montana State Income Tax Information

<b>State Abbreviation:</b>	MT
<b>State Tax Withholding State Code:</b>	30
<b>Acceptable Exemption Form:</b>	W-4
<b>Basis For Withholding:</b>	State Exemptions
<b>Acceptable Exemption Data:</b>	S, M / Number of Exemptions
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	None

## Withholding Formula ►(Effective Pay Period 13, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. ► Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.◄
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtracting this amount from the result of step 4 to compute the taxable income.

$$\text{Exemption Allowance} = \text{►\$1,780◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Montana tax withholding.

<b>Tax Withholding Table</b>			
<b>If the Amount of Taxable Income Is:</b>		<b>The Amount of Montana Tax Withholding Should Be:</b>	
<b>Over:</b>	<b>But Not Over:</b>		<b>Of Excess Over:</b>
\$ 0	\$ 8,230	\$ .00 plus 2.6%	\$ 0
8,230	18,250	►214 plus 4.4%	8,230
18,250	40,000	655 plus 6.1%	18,250
40,000	and over	1,982◄ plus 6.5%	40,000

7. Divide the annual Montana tax withholding by 26 and ►round to the nearest dollar◄ to obtain the biweekly Montana tax withholding.