



ADMINISTRATIVE RULES OF MONTANA



42.15.1003 ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACCOUNT RECAPTURE TAX

- (1) There is a recapture tax, payable by a designated beneficiary, regardless of residency status, on recapturable withdrawals from an ABLE account. Recapturable withdrawals and the amount of the recapture tax are provided in 53-25-118, MCA.
- (2) A recapturable withdrawal of amounts that previously reduced a contributor's Montana taxable income under 15-30-2120(6), MCA, is Montana source income to the designated beneficiary in the year of the recapturable withdrawal, as described in 15-30-2101(18)(a)(xvi), MCA.
- (3) The recapture tax must be determined and withheld by the designated beneficiary or agent and reported to the department based on the recapturable withdrawal that occurred and the report detailing the contributions as required in ARM 42.15.1002(3). The designated beneficiary or agent must maintain records showing the reported contributions and withdrawals.
- (4) The agent shall withhold and remit the recapture tax on a Montana individual income tax return for the tax year of the withdrawal if the recapturable withdrawal occurred from an account for which the designated beneficiary is no longer a resident of Montana.

Authorizing statute(s): 15-1-201, 15-30-2620, 53-25-118, MCA

Implementing statute(s): 15-30-2103, 15-30-2120, 53-25-118, MCA

History: NEW, 2021 MAR p. 76, Eff. 1/16/21; AMD, 2025 MAR, 42-1088, Eff. 1/25/25.