



ADMINISTRATIVE RULES OF MONTANA

42.15.1510 WORKING ARMED FORCES/MILITARY RESIDENT RETIREE TAXABLE INCOME EXCLUSION

- (1) A Montana resident who retired from the armed forces is entitled to an exclusion from taxable income received after December 31, 2023, as provided in 15-30-2120, MCA, in an amount equal to the lesser of their Montana source wage income or fifty percent of their military retirement income. The exclusion is available to an individual who began to receive military retirement income while a resident and an individual receiving military retirement income who became a resident after June 30, 2023.
- (2) An individual who received military survivor benefits while a resident or an individual who received military survivor benefits who became a resident after June 30, 2023, may exclude fifty percent of the benefits received after December 31, 2023, which are included in their federal taxable income.
- (3) Informational examples regarding the exclusion administered under this rule are as follows:
 - (a) Wes entered service into the Air Force while a Montana resident and maintained his residency. He retired September 30, 2023, and returned to Montana to work a full-time job. If his wages are \$50,000 and his military retirement income is \$40,000, he can exclude \$20,000 from his federal taxable income which is the lesser of his Montana source wage income or fifty percent of his military retirement income.
 - (b) Assuming the same military service and residency for Wes as in (a), but Wes works seasonally earning \$18,000, which is reported on his Schedule C as self-employment income. Wes' exclusion amount is limited to his self-employment income of \$18,000.
 - (c) Megan was a Florida resident serving in the Navy outside of Montana. Megan retired, started receiving her military retirement on August 30, 2023, and permanently moved to Montana soon after. Megan is eligible for the exclusion because she became a resident after June 30, 2023.
 - (d) Jake was a Texas resident serving in the Army outside of Montana. Jake retired, started receiving his military retirement on April 30, 2023, and permanently moved to Montana on May 17, 2023. Jake is not eligible for the exclusion because he began receiving his military retirement while a nonresident and became a resident prior to June 30, 2023.

Authorizing statute(s): 15-1-201, MCA

Implementing statute(s): 15-30-2120, MCA

History: NEW, 2025 MAR, 42-1088, Eff. 1/25/25.