



# 2025 Montana Profit or Loss from a Disregarded Entity Owned by a Nonresident

Form DE  
V1 6/2025

[15-1-601](#), [15-30-2101](#), [15-30-2104](#)

First Name	Initial Last Name	SSN
Business Name	FEIN	NAICS
Business Address		
City	State ZIP Code + 4	

Is the business a single member LLC?  Yes  No  
 Mark this box if income is apportionable (See instructions)

## Part I. Business Income

1 Form 1040, Schedule C, line 7	1	00
2 Add Form 1040, Schedule C, lines 28 and 30	2	00
3 Subtract line 2 from line 1	3	00
4 Montana additions to income	4	00
5 Montana subtractions to income	5	00
6 Add lines 3 and 4, then subtract line 5	6	00

- If this income is fully sourced to Montana, **stop here**, and report this amount on Form 2, Schedule II, line 6a.
- If your business or profession is conducted both inside and outside Montana, complete Part II.

## Part II. Receipts Factor for Multistate Businesses

A  
Everywhere

B  
Montana

1a Form 1040, Schedule C, line 3 Enter Montana gross income in Column B	1a	00	00
1 Divide Column B, line 1a by the Column A, line 1a. Multiply the result by 100.			%
2 Multiply your receipts factor on line 1 by the total income on Part I, line 6.			
Report here and on Schedule II, line 6a. <b>This is your Montana source business income.</b>	2		00

## Part III. Alternative Method Tax

<input type="checkbox"/> Mark this box if you are eligible to use the alternative method tax for nonresidents. (See instructions)	
1 Gross volume of sales made in Montana. Do not enter more than \$100,000.	1
2 Multiply line 1 by 0.5% (0.005). Enter here and on Form 2, page 1, line 8.	2
<b>This is your Nonresident Alternative Method Tax.</b>	2

## Part IV. Payments from a Pass-Through Entity

A Pass-Through Entity Name	B FEIN	C Pass-through entity tax credit	D Withholding from Montana Schedule(s) K-1
1		00	00
2		00	00
3		00	00
4 Total payments received from a pass-through entity		00	00



\*25SD0101\*

# Instructions for 2025 Montana Profit or Loss from a Disregarded Entity Owned by a Nonresident

Beginning January 1, 2025, single member LLCs owned by nonresident individuals, estates, and trusts apportion their income using a single receipts factor.

## Purpose

The Form DE is used by single member limited liability companies (LLC) and sole proprietorships owned by nonresident individuals, estates, and trusts to report Montana source business income and payments received from a pass-through entity. This form is also used to figure the alternative method tax for eligible nonresidents under section [15-30-2104, MCA](#).

Disregarded entities, including sole proprietorships and single member LLCs, must allocate and apportion income in the same fashion that a pass-through entity or C corporation does ([ARM 42.15.120](#)).

Generally, the information to report on this form is found on your federal Schedule C. Complete a separate Form DE for each federal Schedule C used to report Montana source income.

If your business is engaged in a unitary business, you must file a combined Form DE that apportions all apportionable income from your trade or business. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state, or if the units of the business within and outside of the state are closely allied and not capable of separate maintenance as independent businesses.

If you are a single member LLC that does not file a federal Schedule C, do not complete Part I or Part II to report your business income. Those single member LLCs that do not report income on a Schedule C report income or (loss) as it is reported federally and include it on the corresponding line of the Form 2, Schedule II or Form FID-3, Schedule II. If the single member LLC's only activity is renting a Montana property and the member is an individual, report the Montana source rental income on Form 2, Schedule II, line 10. Estate or trust members report this amount on Form FID-3, Schedule II, line 7.

If you are the member of a single member LLC that has an ownership interest in a partnership that has Montana source income and issues you a Montana Schedule K-1 (PTE), individuals report income from the Montana Schedule K-1 on Form 2, Schedule II, line 10. Estates and trusts report this amount on Form FID-3, Schedule II, line 6.

If you are single member LLC that received payments from a pass-through entity on a Montana Schedule K-1 (PTE), you must report the payment in Part IV. See the instructions for Part IV for more information.

## Line Instructions

Enter the business name and Federal Employer Identification Number (FEIN) of your business that operates in Montana. Use the same business name that is listed on your federal Schedule C.

If your income is apportionable, mark the Apportionable Income box. Your income is apportionable if your federal Schedule C reports income that is earned in more than one state. For example, if you do business in both Montana and North Dakota, your income is considered apportionable. After completing Part I, complete Part II to determine your Montana source income.

If you are a single member LLC receiving a pass-through entity tax credit, pass-through withholding, or mineral royalty withholding, skip Parts I through III if you do not have any business income reported on a federal Schedule C.

### Part I. Business Income

**Lines 1 through 3.** Enter these amounts from your federal Schedule C.

**Line 4 – Montana Additions.** Report those items of income from your business that are taxed in Montana but not taxed federally. See Form 2 or FID-3 instructions for a list of Montana additions.

**Line 5 – Montana Subtractions.** Report those items of income from your business that are taxed federally but not taxed by Montana. See Form 2 or FID-3 instructions for a list of Montana subtractions.

### Part II. Apportionment Factor for Multistate Single Member LLCs and Sole Proprietorships

This part is used to determine the business's Montana source income. If your Montana business income is not separate and distinct from that of other states, you must use the receipts factor to determine your Montana business income. This factor is applied against your total business income to determine the income allocable to Montana.

You must ask the department if you can determine the amount of income attributable to Montana on some basis other than the apportionment method. If the

department allows you to use an alternative method, you still need to complete and submit this form with your Form 2.

**Line 1 – Receipts Factor.** Receipts mean all of your gross receipts and include returns and allowances, cost of goods sold, and any other income received by the business.

The receipts factor is a fraction. The denominator is the total receipts from everywhere during the tax period. Enter the everywhere receipts from Part I, line 1 in Column A. The numerator is your total receipts in Montana during the tax period. Enter this amount in Column B.

**Line 2 – Receipts Factor.** This factor is applied to your total business income and the result is your Montana source income.

### **Part III. Alternative Method Tax**

Do not complete Part I and Part II if you use the Alternative Method Tax.

If you are a nonresident that meets the following criteria you may elect to pay a tax of 0.5 percent on the gross receipts earned in Montana in lieu of paying the individual income tax based on net income.

- Your only activities in Montana consist of receipts.
- Your Montana activities do not include owning or renting real or tangible personal property.
- The dollar volume of gross receipts made during the tax year within Montana do not exceed \$100,000.

Mark the Alternative Method Filer box at the top of Form 2, Schedule II. Report your alternative method tax on Form 2, line 8.

### **Part IV. Payments from a Pass-Through Entity**

Single member LLCs owned by nonresident individuals, estates, and trusts receiving pass-through entity tax, pass-through entity withholding, or mineral royalty withholding from a pass-through entity must complete this section and include it with Form 2 or Form FID-3.

**Column C.** Report pass-through entity tax credit paid on your behalf for each entity you receive a credit from. This amount is found on Montana Schedule K-1 (PTE), Part V, line 1. Individuals report the total from Column C on Form 2, line 11c. Estates and trusts report the total on Form FID-3, line 13a.

**Column D.** Combine the amounts of pass-through withholding from Schedule K-1 (PTE), Part V, line 3c and mineral royalty withholding from each Montana Schedule K-1 (PTE), Part V, line 4, and report these amounts in Column D. Individuals report the total from Column D on Form 2, line 11d. Estates and trusts report the total pass-through withholding on Form FID-3, line 11a, and the total mineral royalty withholding on line 12a.

**Administrative Rules of Montana:** [42.15.119](#) and [42.15.120](#).

**Questions?** Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.