



2024 Montana Working Military Retirement and Survivor Benefit Exemption

Form WMRE
V2 8/2024

[15-30-2120\(3\)\(n\)](#)

First Name	Initial Last Name	Social Security Number

Mark the appropriate box.

First tax year the exemption was taken:

- Military Retiree
- Beneficiary Receiving Military Survivor Benefits

Part I. Residency Information

Date you became a Montana resident.

If you became a resident before July 1, 2023, enter the date you began receiving military retirement income or began receiving military survivor benefits.

- ▶ If you were a resident before July 1, 2023, and the date you began receiving military retirement income or survivor benefits was before the date you became a Montana resident, **stop here**. You do not qualify for this exemption.
- ▶ If you do qualify for this exemption, complete either Part II or Part III, as appropriate.

Part II. Working Military Retiree Exemption

1 Taxable military retirement income from Form 1099-R from Defense Finance and Accounting Service, line 2a	1		00
2 Montana source wages	2		00
3 Montana source business income. If zero or less, enter 0.	3		00
4 Montana source partnership and S corporation income. If zero or less, enter 0. (See instructions)	4		00
5 Montana source farming income. If zero or less, enter 0.	5		00
6 Add lines 2 through 5	6		00
7 Multiply line 1 by 50% (0.50)	7		00
8 Enter the lesser of line 6 or line 7 here and on Form 2, Schedule I, Part I, line 15.	8		00
This is your Working Military Retirement Exemption.			

Part III. Survivor Benefit Exemption

1 Taxable military survivor benefits from Form 1099-R from Defense Finance and Accounting Service, line 2a	1		00
2 Multiply line 1 by 50% (0.50). Enter here and on Form 2, Schedule I, Part I, line 15.	2		00
This your Military Survivor Benefit Exemption.			

2024 Montana Working Military Retirement and Survivor Benefit Exemption Instructions

Purpose of Form

Use Form WMRE to calculate the amount of military retirement income or military survivor benefits you can exempt from your Montana taxable income. You must attach this form to your Montana Individual Income Tax Form (Form 2) to claim this exemption.

Residency Requirements

This exemption is available to military retirees, and beneficiaries receiving military survivors benefits, who became Montana residents after June 30, 2023; or were residents before July 1, 2023 and began receiving military retirement income or survivor benefits while a Montana resident.

The exemption is not available to retirees or beneficiaries that became residents before July 1, 2023, if they began receiving military retirement income or survivor benefits before they became a Montana resident. If the taxpayer became a resident before July 1, 2023, the taxpayer must have established residency before receiving the military retirement income or survivor benefits. Additionally, retirees or beneficiaries that become nonresidents after having been a Montana resident are not eligible to claim the exemption.

Exemption

The retirement income or survivor benefits must be received for service in the U.S. Armed Forces, Army National Guard, Air National Guard, or a U.S. Reserve Component.

For military retirees, the exemption is the lesser of:

- 50% of the taxpayer's military retirement income received from the Defense Finance and Accounting Service (DFAS), or
- the total Montana source income from:
 - Wages, salary, and tips from compensation performed in Montana
 - Net income from a trade or business in Montana
 - Net income from farming activities in Montana

Beneficiaries receiving military survivor benefits under the U.S. Department of Defense's Survivor Benefit Plan can exempt 50% of their military survivor benefits from Montana taxable income. Death benefits paid to a survivor beneficiary do not qualify for this exemption.

The exemption can only be claimed for five consecutive years after meeting the eligibility requirements. For eligible retirees or beneficiaries who were residents before July 1, 2023, the exemption is available for five years beginning with tax year 2024. The last year these taxpayers can claim the exemption will be tax year 2028.

The exemption expires in tax year 2033.

Examples

Sarah, a military retiree, moved to Montana on August 1, 2023, to work for a business in Montana. Because she moved to Montana after June 30, 2023, she can exempt the lesser of half of her military retirement income or all of her wages earned from working at the business.

Jack served at a military installation in Montana until December 31, 2022, when he retired. During his service he established residency in Montana. After his retirement, he opened a restaurant in the state. Because he became a resident before he began receiving his military retirement income and before July 1, 2023, he is eligible for a deduction of the lesser of half of his military retirement income or all of the income earned from his Montana restaurant.

Albert, a military retiree, moved to Montana in 2021 to work for a business in Montana. He began receiving his military retirement income when he was a resident of Georgia in 2020. Because he was not a resident before receiving his retirement, and he did not become a Montana resident after June 30, 2023, he is not eligible for the exemption.

Jim, who receives military survivor benefits, moved to Montana on January 1, 2024. In addition to his survivor benefits, he receives income from owning a Montana business. His business income is less than his survivor benefits. However, because Jim is receiving survivor benefits, he can only exempt half of his survivor benefits.

Mary, a military retiree, became a Montana resident in August of 2023. She claims the exemption on her 2024 and 2025 tax returns. She becomes a resident of another state in 2026. She is no longer eligible for the exemption, even if she reestablishes residency in Montana in a later tax year, because she became a nonresident after having already claimed the exemption.

Line Instructions

Taxpayer Information

You must include a copy of Form WMRE with your Form 2 to claim this exemption. If filing jointly and both spouses qualify for the exemption, each spouse must complete a separate form.

Mark the box for the type of exemption you will take. If you mark the Military Retiree box, complete Parts I and II. If you mark the Beneficiary Receiving Military Survivor Benefits box, complete Parts I and III.

Part I. Residency Information

Report the date you became a Montana resident. If you have always been a Montana resident, enter your birthdate.

If you became a Montana resident from any other state before July 1, 2023, enter the date you became a resident. Generally, this is the date you reported on the first Montana Form 2 you filed. If you do not have that date, you may enter an approximation of the date you became a Montana resident. For example, you can report the date you obtained a Montana driver's license or purchased a residence in Montana.

Part II. Military Retiree Exemption

If you are a resident military retiree that did not earn Montana source income from working a job, running a business, or operating a farm, you do not qualify for this exemption.

Line 1 – Military retirement income. Residents enter the taxable amount of retirement income received from service in the U.S. Armed Forces, Army National Guard, Air National Guard, or U.S. Reserves. This amount is reported on the Form 1099-R received from DFAS in box 2a with a code of 7 in box 7. Part-year residents enter the amount of the military retirement income received from DFAS while a Montana resident.

Line 2 – Montana source wages. Residents enter the total wages included on Form 1040, line 1z. Part-year residents enter the Montana source wages earned while working in Montana as a resident.

Line 3 – Montana source business income. Residents that materially participate in a business as a sole proprietor enter the total business income included on Form 1040, Schedule 1, line 3. Part-year residents that materially participate in a business as a sole proprietor enter the Montana source business income earned while a Montana resident.

Line 4 – Montana source partnership and S corporation income. Residents actively engaged in a business as an owner of a partnership or S corporation, enter the amount from Form 1040, Schedule 1, line 5. Part-year residents enter the Montana source business income from a partnership or S corporation earned while a Montana resident.

Line 5 – Montana source farming income. Residents enter the farming income from Form 1040, Schedule 1, line 11. Part-year residents enter the Montana source farming income received while a resident of Montana.

Part III. Survivor Benefits Exemption

Line 1 – Survivor benefits. Residents enter the taxable amount of survivor benefits received from under the U.S. Department of Defense's Survivor Benefit Plan. This amount is reported on the Form 1099-R received from DFAS in box 2a with a code of 7 in box 7. Part-year residents enter the amount of the survivor benefits received from DFAS while a Montana resident.

Do not report death benefits reported on a Form 1099-R with a code of 4 in box 7, on this line. Death benefits do not qualify for the exemption.

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