MONTANA DEPARTMENT OF REVENUE

Tax Year **2023**

Substitute Forms and Payment Vouchers Specifications

Contact Information:
Dore-services@mt.gov

6/6/2023

Contents

2023 Spec Change Log

Date	*Change*
July 2023	Language updates throughout document for clarity.
July 2023	Section 6, added language concerning ampersand(&)
7/14/2023	Section 3.2 Supplemental Form list updated
8/28/2023	Section 3.2 Supplemental Form list updated to include CIT-UT form

2023 Form Change Log

Date	*Change*
	Change logs are available on the State Exchange System (SES)
7/14/2023	Form 2 • New line 14 on page 4, subsequent lines renumbered • New lines 4 (PTET) & 8 (ADPT) on page 11 • New Credit Certificate Number field, line 14 on page 9
7/14/2023	Corporate Income Tax (CIT) • Removed line 2g on page 3, subsequent lines renumbered • New Schedule C credit ID number lines on page 9 • Removed Part IV from Waters Edge Schedule on page 15
7/14/2023	Income Tax Return for Estates and Trusts (FID) • New lines on page 2, subsequent lines renumbered
7/14/2023	Pass-Through Entity (PTE) • Page 2 redesign with new lines • New schedule, Flow-Through Payments Schedule, on page 3 • Schedules I & II both moved to page 4 • New line in Schedule VI on page 6 • New checkbox and new lines on Schedule K-1

7/14/2023	Supplemental Forms (listed in Section 3.2)
	• **New** ADPT - Montana Adoption Credit
	• Removed from list
	  ○ MINE-CRED – retired TY2021
	  ○ NEXUS Questionnaire – not a supplemental form
	  ○ EXPT – not a supplemental form

1. Overview

A substitute tax form is a computer-generated tax form produced by a software developer or payroll provider. To improve accuracy and efficiency, please encourage the use of electronic filing and payments.

Developer Specifications, Forms Change Log, and Templates are available through the Federation of Tax Administrator's (FTA) State Exchange System (SES). If your software company doesn't currently have access to SES, they need to request it by sending an email to support@taxadmin.org.

Process Overview:

1. Complete and submit Montana Income Tax LOI and Payroll Provider Letter of Intent (LOI). See Section 2 for more information.
2. Develop forms per specifications.
3. Validate data placement on forms using testing templates.
4. Submit forms to the department for approval. See Section 3 for more information.
5. If necessary, make corrections and resubmit form.

1.1 Key Reminders

- Vendor test submissions must be in the specified PDF format.
- All test submissions must be emailed to Dore-services@mt.gov. Prior approval is required if a vendor cannot submit via email.
- All test scenarios for each form are in one PDF file.
- Limit submissions to one form type per email.
- Do not combine form types within one submission.
- Do not allow your software to mask or encrypt IDs.
- Review forms thoroughly for text, tax table and line instruction changes. Vendors are responsible for the text provided to their users; these will not be reviewed by the department.
- Spelling and grammar will not be reviewed by the department.
- Free formatted repeating pages of additional information are not accepted. See Section 5.6 for specifications.

1.2 Form Instructions

Vendors must include Montana tax form instructions in their software for their clients. Do not submit instructions to the department for approval.

1.3 Template Validation

Prior to submitting for review, the department requires all vendors to test their forms using our "Templates" available on SES. Forms that do not adhere to the templates may cause delays in testing and approval for the vendor.

To test your forms, apply the template as a layer over your form to ensure the barcode, data fields, and targets are aligned within the blue boxes. If the data elements are not aligned within the template, you

will need to make these corrections prior to submitting forms to the department.
Please note, there may be data fields not included in the template layers.

For your convenience, we have provided instructions on how to import a layer using Adobe in Section 7. If you have questions regarding template layer testing, please email us at Dore-services@mt.gov.

1.4 Electronic Mandates

- Form PTE
    - Since January 1, 2014, a partnership that has more than 100 partners during the tax year, is required to file the Montana Form PTE electronically.
    - Vendors supporting the PTE must enable a message to the user, stating "If you have more than 100 partners during the course of the tax year, you must file the Montana Form PTE electronically".
- Form CIT
    - Montana Senate Bill 24 (2023) requires corporations with more than $750,000 in gross receipts during a tax period to file electronically.
- Payments
    - Payments of $500,000 or more must be made electronically.

2. Registration Requirements

Primary and secondary vendors are required to submit the Montana Income Tax LOI and/or Payroll Provider LOI prior to submitting forms for approval.

Email your LOI to Dore-services@mt.gov. Once registered, developers will receive an email notification when forms are available on SES.
Form submissions will not be accepted until the forms on SES are posted as final.

The LOI will identify:

- What type of software provider you are:
    - **Primary** – Software provider creating substitute forms.
    - **Secondary** – Software provider using another company's form in their software package.
    - **Secondary to MT** – Software providers using Montana's official form in their software.
- Which forms you intend to support and include in your software, as well as limitations that will affect your substitute forms.

If you have a previously assigned two-character MT Vendor ID, provide it on the LOI.
If you do not have an assigned Vendor ID, leave the field blank and one will be assigned to you via email response. See Section 4 for more information on the MT Vendor ID.

Limitations:

Limitations will be reviewed by the department. If a limitation indicates the inability to develop a required element on the form, the limitation may be rejected, and development will be expected for approval. Exceptions will be provided on a case-by-case basis.

Known limitations must be included on the LOI. Any Limitations discovered during testing will need to be reported on an Amended LOI. Failure to notify the department of your limitations may result in delays with your testing and approval.

3. Approval Process

- Primary and secondary developers/providers are required to submit test samples as defined in this section.
- The primary vendor forms must be approved before the secondary vendors can submit their test forms.
- MT Secondary vendors are only required to submit a full field submission and one variable with all pages for testing.
- Forms are required to be approved each year.
- Do not develop substitute forms based on the previous tax year's forms or from the department's public website.
- All tax types and filing methods indicated on the LOI must complete testing before approval is given. Exceptions will be provided on a case-by-case basis.

Submission Quick Checklist:

- [ ] Only one form type per submission which includes:
    - One full field sample of all required and supported pages.
    - Three variable data samples – one of all required and supported pages of the form.

3.1 Submitting Forms

- Vendor forms must be submitted via email, in PDF format to Dore-services@mt.gov.
- Each test submission must include all required and supported pages of the form and be in page order.
- Limit submissions to one form type per email. Do not combine form types within one submission.
    - **Examples**:
        - Email 1 - Form 2 submission
        - Email 2 - FID-3 submission, etc.
- The subject line of the email should include the MT Vendor ID, form name, and whether it is an initial submission or a resubmission.
    - **Examples**:
        - MT-P5, Form 2, Initial Submission
        - MT-P5, Form 2, Re-Submission 1
        - MT-P5, Form 2, Re-Submission 2

- All test scenarios for each form must be submitted in one PDF file per form type.
    - Naming convention: VendorSourceCode_FormTitle_FullField(FF)_#VariablesIncluded **Example**: HR_Form2_FF_3Variable
- Do not encrypt or mask IDs on test forms. Test submissions with masked ID's will be rejected.
- Photocopied, scanned, or faxed submissions will ***not*** be accepted.
- Submit substitute forms as you develop them. Do not hold each test packet until all forms are developed.
- If you are using Montana's Official forms in your software package, you are only required to submit a full field submission and one variable with all pages for testing.
    - Leave XX on the barcode and print your Vendor ID near the bottom left or right target. (See Section 5.1 for more on Targets)

3.2 Submission Requirements

All forms and vouchers require:

- One full field sample of all required and supported pages. Populate all supported variable data fields with X's within Alpha fields or 9's within Numerical fields. All fields are to be fully filled, but not exceeding blue box template.
- Three (3) variable data test samples.
    - One variable sample of all required and supported pages.
    - Specific variable data test samples are detailed per form below.
- You are not required to submit non-barcoded forms or form instructions; approval is not required, and forms will not be tested.
- Completely blank forms are not required and will not be tested. Some blank fields on variable data samples are acceptable.

The following sample forms are required for each submission approval:

Individual Income Tax: Form 2 (All Schedules on pages 1-11 are required)

- One of the three (3) variable data test samples must include pages 1, 2, 10, and 11 only (formerly 2EC). The ability to produce the Homeowner/Elderly/Renter Credit is required.

Pass Through: PTE

- One of the three (3) variable data test samples must include 10 participating owners on Schedule IV.

Pass Through: DER-1

- One of the three (3) variable data test samples must include 2 owners.

Corporate: CIT

- No additional requirements.

Fiduciary: FID-3

- One of the three (3) variable data test samples must include a total of 16 beneficiaries on Schedule D.

Wage Withholding Tax Reconciliation: MW-3

- One of the three (3) variable data test samples must include a total of 36 payments.
- Montana law requires the MW-3 be filed no later than January 31 of each year. MW-3 submissions will not be reviewed after January 15.

Vouchers: IT, SB, PR, CT, FID, DER, and MW-1
(Please encourage electronic payments before offering the voucher as a payment option.)

- The Montana Department of Revenue voucher instructions must be printed on the vouchers' top portion. If the instructions are not printed at the top of the voucher, the submission will be rejected.
- The cut line is located between grid rows 42 and 43

Standalone Barcoded Forms: ETM and PT-AGR

- No additional requirements.

Note: The following non-barcoded supplemental forms are not included in Substitute Form testing, gridded versions are provided on SES for data placement. These are required to be filed when used to generate calculations applied to a tax return.
2441-M, ADPT, CIT-UT, EST- I, FRM, FTB, IUFC, JGI, NOL, QEC, RCYL, TETC, VT.

3.3 Process After Submission

Once the submission is reviewed, you will receive an email identifying whether the form has passed or requires corrections. If corrections are required, the email will include a PDF with error notes.
Once testing has been completed for all form types and filing methods, you will receive a separate email with an approval letter.

Resubmission Requirements

- Resubmissions follow the same requirements as initial submissions.
- All pages of the form must be re-submitted, even if there was no change to certain pages.
- See Section 3.1 for Email Subject line requirements.

4. 1D Barcode Specifications

The department requires the following specifications for producing barcodes:

- 39 Format (3 of 9)
- Wide to narrow ratio of 3:1
- Barcode size must be 24 pt.

- The white area around the barcodes must be at least ¼ inch on all sides. If the barcode is located on the bottom of the page, a ½ inch margin is required below.
- Location has been identified on each form and page. See form template for exact placement.
- Alpha characters must be upper case.
- Reprint the full 10 character barcode in Courier or Courier New font, 10 pt., below the 1D barcode. This can be within the ¼ inch margin white space but cannot be touching the 1D.

The barcode should contain 10 characters as follows. Reference PDFs of the final forms for the specific barcode for each form and page.

Digit placement	**Description**
1	Start = *
2 – 3	Year
4– 5	Form ID (See barcode on final form PDF)
6 – 7	Page # (2 digits see barcode on final form PDF)
8 – 9	Source Code • If XX is printed on the Final form, replace the XX with your MTVendor Id in the barcode. • If 01 is printed on the Final form, use 01 and print your MTVendor Id near the bottom right target. Do not edit barcodes ending in 01. **Examples shown below.**
10	End = *

17EP01XX   *17EP0101*

Barcode Characters:

- Only alter the Source Code if you are a Primary Vendor.
- Do not alter or change the first 10 characters of the barcodes on any form.
- Barcodes should begin with 23, excluding the following exceptions:
  - Payment voucher barcodes all begin with 13.
    - Vouchers with a barcode beginning with 00, 11, and 12 cannot be processed in our scanning software.
  - The MW-3 and the PT-AGR forms begin with 16.
  - The ETM begins with 17.

4.1 Vendor Identification

- See Section 2 if you do not have a MT Vendor ID.

Primary Vendor – Re-creating & Submitting Substitute Forms:
If the barcode ends with XX, replace the XX with your MT Vendor ID.

- Print your MT Vendor ID, and the date (MMDDYYYY) the page was last edited or published, near the bottom left or right target.
- If you release your forms to secondary vendors, the secondary vendor is responsible for printing their MT Vendor ID and the date.

Secondary Vendor – Using & Submitting Primary Vendor Substitute Forms:
If the barcode ends with XX on the primary vendor's form, the primary vendor will replace the XX with their MT Vendor ID. Leave the barcode as is and do not alter it.

- Print your MT Vendor ID and the date (MMDDYYYY) the page was last edited or published near the bottom left or right target.

Secondary to MT Vendors - Using Montana's official gridded forms:
If the barcode ends with XX, leave the barcode as is and do not alter it.

- Print your MT Vendor ID and the date (MMDDYYYY) the page was last edited or published, near the bottom left or right target.

5. Formatting Requirements.

Submissions will be rejected if formatting and spacing requirements are not met.

Formatting Quick Checklist:

- [ ] Targets are solid black and placed correctly.
- [ ] All fields have correct data placement.
- [ ] Font size is a consistent value between 8-10 pt.
- [ ] Font type is Courier (STD), Courier New, Helvetica, or Times New Roman.
- [ ] There is a ½ inch margin on all sides of each page.
- [ ] Formatting is correct and special characters are not placed within SSNs/FEINs, zip codes, dates, percentage fields and dollar amount fields.
- [ ] SSNs/FEINs are not masked.
- [ ] Your MT Vendor ID and the date (MMDDYYYY) the page was last edited or published, are printed on each form page (near bottom left or right target).
- [ ] Barcode is printed and scans correctly. There is at least ¼ inch whitespace on all sides.
- [ ] Form has been pre-tested with "test template" validation.
- [ ] Correct Tax Year is printed on each tax form.

5.1 Targets

Each page of barcoded forms must have three targets, following the specifications below.

- The targets must be the same size and placed as designated on the template.
    - Match the margins according to the final forms (½ inch).
- Square Shape, Size = 1p3 X 1p3 and must be solid black
- Location of each target is defined on the grid
    - Top-left or top-right
    - Bottom-left
    - Bottom-right

5.2 Grid & Spacing Between Entry Lines

Form Templates provide a grid overlay and a blue box template.

- 10 character rows per vertical inch (pica spacing)
- 10 characters or columns per horizontal inch (10-pitch spacing)
- All grids should be printed on 8 ½ x 11 paper.
- First vertical printable line: Column 6
- Last vertical printable line: Column 80
- First horizontal printable line: Row 4
- Last horizontal printable line: Row 64
- Data fields must comply with the grid spaces allocated.
- Barcode must comply with the grid spaces allocated. Do not stretch or minimize the size of the barcode.
- Utilize the Templates for defined fields and spacing.

5.3 Font Type & Size

- Variable Data:
    - 8-10pt font size.
    - Font Type:
        - Courier (STD)
        - Courier New
        - Helvetica
        - Times New Roman
    - Use only upper-case letters.
- Static Data (form text):
    - Recommended sizes are between 6-14 pt.
    - Font Type is at the discretion of the developer but must be easy to read and similar to the MT Official form.
    - Be sure static text lines don't interfere or overlap with variable data fields.
- Ensure that end-users cannot change the font size of the data they enter on the forms.
- All text must be formatted in black.

5.4 Paper Formatting

- Margin Requirements: There must be a ½ inch margin on all sides of each page of each form, this will align with the template.
- Paper Size: Must be formatted for 8 ½ x 11 inch paper.
- Grade & Color of Paper: White, unlined paper. Recommended weight = 20 # (pound) paper.

5.5 Voucher Format

- Do not alter the size of vouchers.
- Do not remove or alter the Department of Revenue address on voucher.
- Do not print the due date in the period ending date field.
- The voucher instructions are required to be printed on the voucher's top portion.
- The cut line is located between grid rows 42 and 43
- Only one check box on the left can be marked at a time (exclusion for full field test vouchers).
- IT, FID, CT, SB, PR, DER
  - The period end date is the tax period end date, not the due date.
  - Annual filers use the last day of the year, and fiscal filers use the last day of the fiscal year, i.e.; the last day of the month the fiscal year ends in.
  - IT vouchers should always have a Period End Date of December 31st followed by the tax year unless they are fiscal filers.
- MW-1
  - Accelerated filers use the payroll pay date, monthly filers use the last day of the month, annual filers use the last day of the year.

5.6 Reporting Additional Information

Free formatted pages with additional information are not accepted.
If more space is required to encompass all data provided by the taxpayer, replicate the applicable page as many times as needed, the barcode must remain the same.

Exception: Form 2 - To report 4 or more dependents, create a document similar to the example shown below. Do not include a barcode.

Document must include:

- First Name and Last Name
- Social Security Number
- Relationship
- Disabled Checkbox Indicator

	First Name	Last Name	SSN	Relationship	Disabled
1					
2					

5.7 Department Use Only Boxes

The dimensions, configuration, and placement of the "For Department Use Only" boxes on applicable forms must be the same as the Montana official forms.

5.8 Software Printing Requirements

Software must inform taxpayer to:

- Send the original printed form, not a photocopy, for processing.
- Printed forms must not contain any vendor watermarks.
- Use black ink only and indicate their ink cartridge should be capable of producing a solid image.
- Some printers may distort PDF files. To prevent printing problems, print settings should have "Actual Size" and "Portrait" checked. If possible, lock the print setting & do not allow user to change.
- Suggest to the end users they print using Adobe.
- To assist the Department in processing paper tax forms, print the documents in order as detailed in the table below.
    - *If possible, configure your software to only print the documents marked with as *asterisk if they are relevant to the client. Approval is not contingent upon this request.

<table>
<tr><td><u>Form 2</u>
1. *Voucher
2. Page 1-2
3. *Page 3-8
4. *Page 9 – repeat page if necessary
5. *Additional Dependents
6. *Supplemental Forms</td><td><u>PTE</u>
1. *Voucher
2. Page 1-2
3. *Page 3-6
4. Page 7-8 – repeat page if necessary
5. Page 9-10
6. Page 11, MT K-1 – repeat page if necessary
7. *Supplemental Forms.</td></tr>
<tr><td><u>DER-1</u>
1. *Voucher
2. Page 1-2
3. *Page 3-4
4. *Supplemental Forms</td><td><u>MW-3</u>
1. *Voucher
2. Page 1
3. *Page 2 - repeat page if necessary</td></tr>
<tr><td><u>CIT</u>
1. *Voucher
2. Page 1-4
3. *Page 5
4. *Page 6-8 - repeat pages if necessary
5. *Page 9
6. *Page 10-15 - repeat pages if necessary</td><td><u>FID-3</u>
1. *Voucher
2. Page 1-3
3. *Page 4
4. *Page 5 - repeat page if necessary
5. *Page 6-7
6. *MT K-1(s) - repeat page if necessary
7. *Supplemental Forms</td></tr>
<tr><td colspan="2" align="center"><u>Note</u>: Vouchers are not interchangeable between forms.</td></tr>
<tr><td>IT voucher corresponds with Form 2</td><td>SB & PR vouchers correspond with form PTE</td></tr>
<tr><td>DER voucher corresponds with form DER-1</td><td>MW-1 voucher corresponds with form MW-3</td></tr>
<tr><td>CT voucher corresponds with form CIT</td><td>FID voucher corresponds with form FID-3</td></tr>
</table>

6. Form Line Entry Requirements

6.1 Special Characters

Special characters are not allowed in any variable data field on the form. Except a hyphen in the name and address fields or a hyphen indicating a negative number.
An ampersand(&) within business name fields is acceptable on forms CIT, FID, DER, and PTE.

Special characters include:

Comma **,**	Number Sign **#**	Dollar Sign **$**	Cent Sign **¢**	Percentage **%**	Brackets **() {} []**
Slashes **/ \ |**	Decimal **.**	Hyphen **-** (unless used in the exception above)			

6.2 Name, SSN/FEIN/PTIN, Address & Phone Information

- Use upper case letters in all fields that contain alpha entries. Do not use special characters except for a hyphen in the name field.
- Do not stack names on top of each other in one entry box.
- Social Security Numbers, FEINs, and PTINs must be formatted with no spaces or dashes. Do not mask or encrypt IDs.
    - SSN: 999999999 FEIN: 888888888 PTIN: P77777777
- Zip codes can be just 5 digits. If the zip extension is used do not include a dash or spaces.
    - Example: 12345 or 123456789
- Phone Number should be formatted as 999 999 9999, with spaces only.
- Address must contain the taxpayer's current mailing address.
- MW-3 - If an address has changed, the Change Address box should be checked.

6.3 Date Fields

- All date fields should be formatted MMDDYYYY.
- Do not use any special characters.

6.4 Amount Fields – Forms & Vouchers

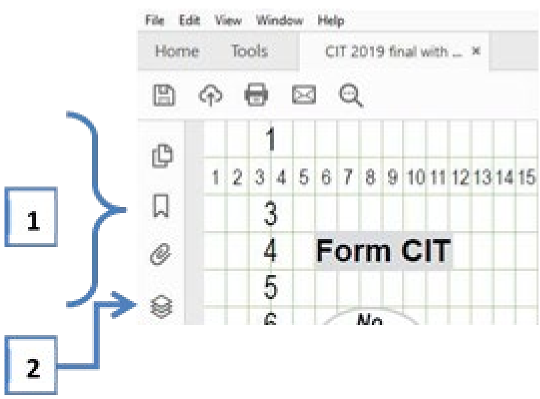
- Do not use special characters, use a blank space to separate the dollars and cents.
    - Example: $2,033.00 becomes 2033 00
- Negative numbers must be indicated by a hyphen "- ", before the amount.
- Do not replicate the % sign at the end of a percentage amount within the data field.
- Preprinted zeroes are required on any field with any amount greater than 0.00 where penny data fields are not provided.
- All amounts filled in on forms and vouchers (except Form MW-3 and MW-1 voucher) should be rounded to the nearest dollar. Drop amounts under 50¢ and increase amounts that are 50¢ or more to the next dollar.
    - Rounding Example: $203.49 becomes 203 00 & $203.50 becomes 204 00
    - MW-3 form and MW-1 voucher example: $203.39 becomes 203 39

7. Adobe Layer Guide

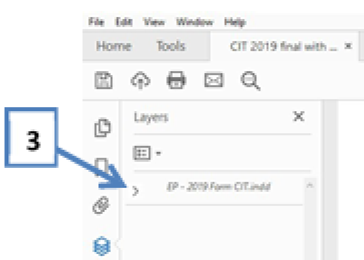
7.1 Viewing Layers in Adobe

MT PDF Tax forms are compiled of different layers. You can examine the layers and show or hide the content associated with each layer. Items on locked layers cannot be hidden.

1. The Navigation Pane and Buttons on the left side of the screen must be present for you to view layers. If the buttons are not visible, right click on the image & select "Show Navigation Pane Buttons".
2. Select the Layers button. If not shown, right click on the Navigation bar & select the "Layers" option to display it.

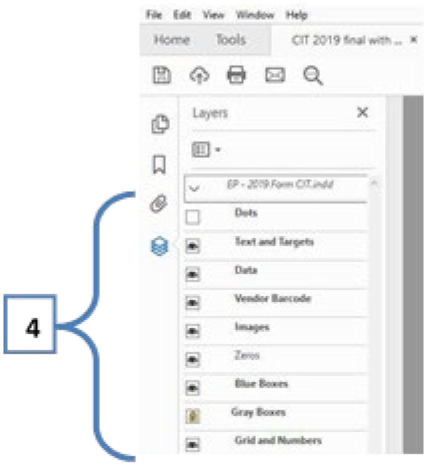


3. Select the ">" button next to the form name.



4. You may now select which layers you want visible by selecting the "eye" next to the applicable layer. On the Template provided in SES the layers unlocked for your accessibility are the Blue Box & Grid layers.
   - The "Dots" layer is used for scanner software calibration.
   - The "Text and Targets" layer contains static data and targets.
   - The "Data" layer demonstrates the data location for vendors to reproduce.
   - The "Vendor Barcode" layer contains the barcode ending in XX for vendors to reproduce and replace the last 2 characters, if necessary.
   - The "Images" layer contains images we print on a form, vendors are not required reproduce (i.e., No staples, QR codes).

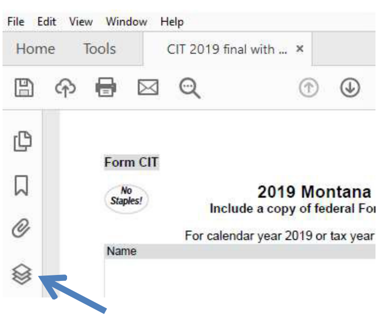
- The “Zeros” layer represents the location of cents field if it’s a hard coded “00”. Vendors shall include the cents when printing the form only for fields that have a dollar amount equal to or greater than $1.00. If the amount is $0.00, they don’t need to display the data.
- The “Blue Box” layer demonstrates the test layer for vendors. It should not be produced on the final form.
- The “Gray Box” layer contains the gray lines used on our web version for taxpayers to print, vendors are not required to reproduce these.
- The “Grid and Numbers” layer contains the 6x10 grid layer to help vendors identify the exact location of data, text, barcodes, and targets to produce the form accurately.



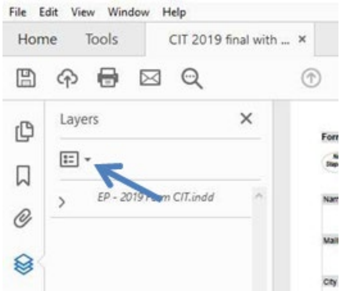
7.2 Importing Layers into Adobe Acrobat Pro DC

(Instructions may vary based on version of Adobe)

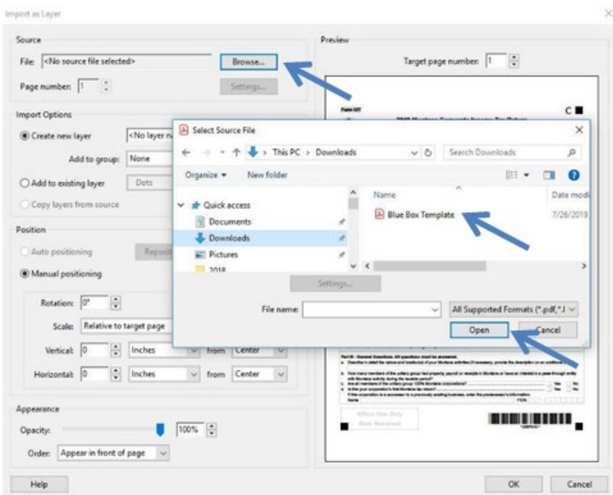
1. Save a copy of the test template for the tax form you are testing to your computer.
2. Open the tax form file you are testing in Adobe Acrobat Pro DC.
3. Click the “Layers” icon on the left side bar to open the Layers side bar.



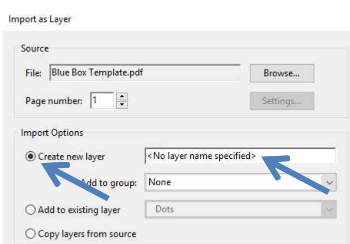
4. Click on the “Options” icon in the Layers side bar to open the submenu and select “Import as layer…” to open the Import as a Layer box.



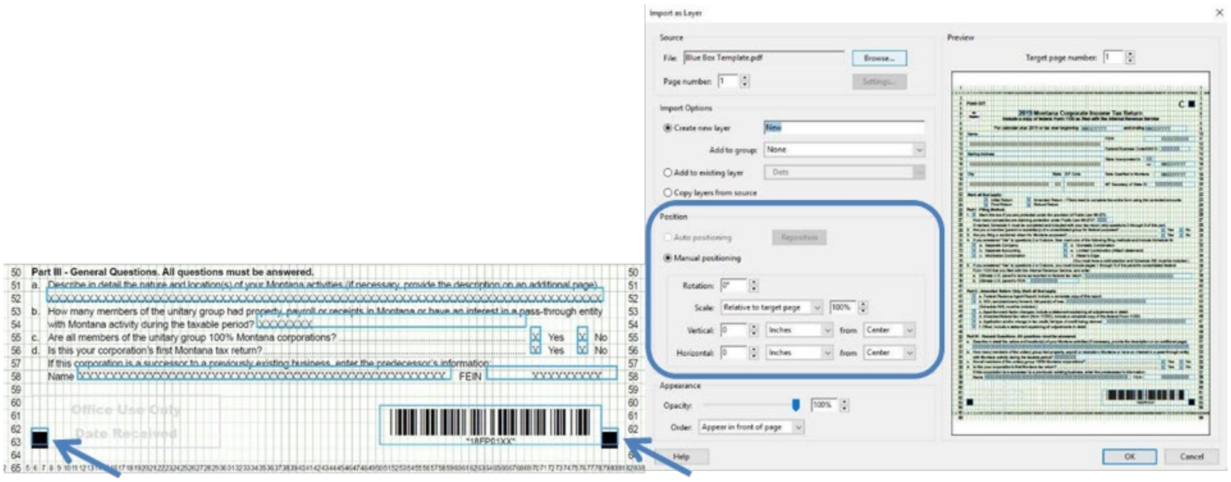
5. In the Import as Layer box, click on the “Browse” button, navigate to your saved box template, and click “Open”.



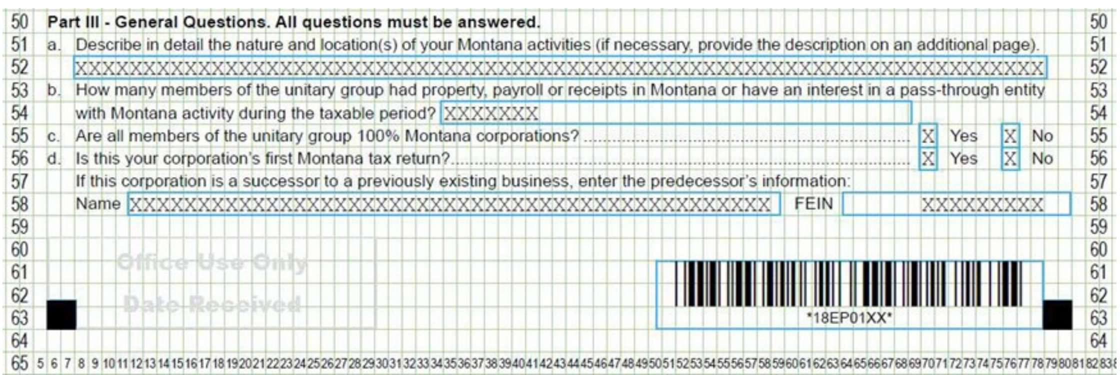
6. In the Import as Layer box, select “Create new layer” in the Import Options menu and input a name for your layer.



7. If the square reference boxes on the test template do not align with the reference boxes on your form, you may have to adjust the layer using the vertical/horizontal Manual Positioning options until all three targets are aligned correctly.



8. In the Import as Layer box, select “OK” in the bottom right. You should now see the box template and grid overlaid on your test form.



9. Data element characters must fall within the target area shown by the boxes on the test templates, static text must not overlap the blue box fields.
10. Remove any test template layers prior to submitting your forms for testing.