

HOUSE BILL NO. 108
INTRODUCED BY R. ERICKSON
BY REQUEST OF THE DEPARTMENT OF REVENUE

ABILL FOR AN ACT ENTITLED: "AN ACT CONFORMING STATE WITHHOLDING PROVISIONS TO FEDERAL WITHHOLDING PROVISIONS FOR PENSIONS, ANNUITIES, AND CERTAIN OTHER DEFERRED INCOME; REQUIRING WITHHOLDING AT 30 PERCENT OF THE AMOUNT WITHHELD FOR FEDERAL TAX PURPOSES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Withholding from pensions, annuities, and certain other deferred income. (1) In conformity with section 3405 of the Internal Revenue Code, 26 U.S.C. 3405, the payor of any periodic or nonperiodic payment, as defined in that section, shall:

(a) withhold from the payment 30% of the amount, if any, withheld for federal tax purposes; and

(b) withhold the amount in subsection (1)(a) and is liable for payment of the tax when required to withhold the amount for federal purposes.

(2) A designated distribution must be treated as if it was wages paid by an employer to an employee subject to withholding under 15-30-202. If a designated distribution is not subject to federal withholding because a federal election of no withholding was made under section 3405 of the Internal Revenue Code, 26 U.S.C. 3405, state withholding is not required and the amount withheld is considered zero.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 2, and the provisions of Title 15, chapter 30, part 2, apply to [section 1].

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 4. Applicability. [This act] applies to payments made after December 31, 2007.

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