

## FAQ FORMULA SERIES

International FAQ Issue #76 November 3, 2020 TAXES FOR CANADIAN BUSINESSES IN THE USA: MONTANA

### Question:

What state taxes does a Canadian business pay in Montana?

### Answer:

#### Sales Tax

The state sales tax rate in Montana is 0%. There are no local taxes beyond the state rate.

#### Use Tax

The state use tax rate in Montana is 0%.

#### Unemployment Tax (Payroll Tax)

If you have employees working in Montana, you must pay unemployment taxes on their gross wages up to the taxable wage base (\$34,100 in 2020). Montana's unemployment tax rates for new employers vary by industry category and range from 1% to 2.4%.

#### Withholding (Payroll Tax)

If you have an employee earning income while in Montana you must withhold a certain percentage of their income from each payroll. The amount of tax you withhold from an employee depends on the length of your pay period, the employees gross pay and the number of withholding allowances/exemptions claimed on the Montana Form MW-4.

#### Corporate Income Tax

Montana has a flat corporate income tax rate of 6.75% of gross income.

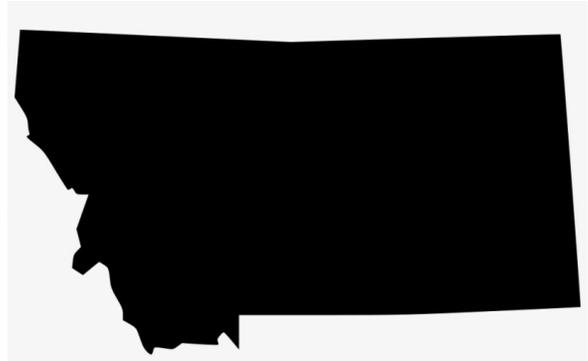
### Discussion:

#### Availability of Treaty benefits:

Income taxes in the USA are almost always treated as income taxes by the Canadian government. Thus, in the majority of cases, if you pay tax in the state you don't pay tax again in Canada unless the Canadian rate is higher.

### Recommendation:

If you are considering business in Montana, including online sales to residents and businesses in Montana, please contact GGCPA's at [www.gilmour.ca/contact](http://www.gilmour.ca/contact) and we can advise on the best structure to reduce or minimize the impact of the taxes.



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