



Montana Department of Revenue  
**MONTANA TAX NEWS YOU CAN USE**

## Introducing Mike Kadas, new Director of Montana Department of Revenue

On January 7, Mike Kadas became the 17th Director of Montana Department of Revenue. Governor Steve Bullock appointed Kadas to the position.

Over the last 30 years Kadas has served in a variety of private and public positions, most recently as Director of Special Projects at Rivertop Renewables, a Missoula-based company that produces biodegradable chemicals. During his five years in different management positions at Rivertop Renewables, he helped oversee a multimillion-dollar expansion of the company.

From 1996 to 2006 he was the mayor of Missoula, where he managed a \$100 million budget and hundreds of employees.

Kadas is no stranger to Montana's capitol. From 1983 to 1996 he was a Montana State representative, serving on the House Appropriations Committee for eight of those years.

From 1989 to 1996, he owned and operated a small construction company. He holds a B.A. in economics-philosophy and a M.A. in economics from the University of Montana-Missoula.

"Mike knows what it's like to balance a budget and make payroll, and he's got what it takes to maintain our strong fiscal position," Bullock said. "I look forward to working with Mike to making sure we take a balanced, responsible approach to managing people's money."

"We welcome Mike to Revenue," says Alan Peura, the department's Deputy Director. "We're excited by the expertise and experience he brings. He's a great choice to lead the department."

Kadas and his partner Martha Newell have two sons, with whom he enjoys skiing and hiking.

## Tax filing timeline

On January 22, 2013, the Department of Revenue will begin accepting and processing Montana tax forms filed on our online Montana Taxpayer Access Point (TAP). On that day you will be able to use TAP to file Montana tax forms for the tax year ending 2012 - including individual income, corporate license, small business, partnership, withholding reconciliation and mineral royalty withholding.

To coincide with withholding annual reconciliation, you can transmit employer W2 and 1099 data files electronically via the secure Montana E-Pass website at any time. The department will begin processing this data on January 22, 2013.

While January 22 is the start date for e-filing Montana taxes, January 30 is the start day for e-filing 2012 federal returns, as the IRS recently announced. What this means for Montana taxpayers is that if you file your federal and state returns using IRS software or a third-party software provider, the state won't receive your

## Downtime for Taxpayer Access Point (TAP)

Please be aware that TAP will be offline starting at 3:00 p.m. on Friday, January 18. TAP will come back online at 7:00 a.m. on Tuesday, January 22. When TAP comes back online, the 2012 income tax and withholding forms will be available for filing.

## 10 signs of securities fraud

The Montana Office of the Commissioner of Securities and Insurance reminds tax preparers that they can help protect their clients from securities fraud by knowing the warning signs. While everything on the following list of red flags is legal, one or more of them almost always appear when fraud or theft is uncovered.

1. **Lack of documentation:** Missing documents that an investor should receive in preparation for tax season can mean someone is trying to hide fraudulent activity.
2. **Unusual gains or losses:** If your client's current return differs a great deal from past returns and shows unusual gains or losses, he or she could

return until January 30 or later.

If you or your client still prefers to file returns using paper forms, be aware that the Montana 2012 tax forms will be posted at [www.revenue.mt.gov](http://www.revenue.mt.gov) by January 14. Although the department is providing paper forms by then, we won't begin processing those forms until after February 4, at the earliest. Keep in mind that no matter how soon in the tax season that you file with paper, you will receive a refund earlier by e-filing because of the extended time required to process paper.

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## Target tax dates

### Vouchers

- Withholding voucher payment booklets have been mailed.
- Estimated tax payment voucher booklets will be mailed after January 15, 2013.

### Booklets/forms

- Forms 2EC have been mailed.
- The MW-3 and RW-3 have been posted on our website.
- Income tax booklets have been mailed.
- Tax forms will be posted on the website by January 14, 2013.
- The due date for the final 2012 individual estimated tax payment is January 15.
- The start date for e-filing Montana taxes is January 22.
- The start date for e-filing federal returns is January 30.
- The deadline for completing and returning a livestock reporting form is February 15.
- The deadline for reporting business equipment is February 15.
- The deadline for associations and organizations to apply for a property tax exemption is March 1.
- The deadline for real property and mobile home owners to apply for the Property Tax Assistance Program is April 15.

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## Meet the Call Center

The Call Center is where the Department of Revenue interacts with Montana's taxpayers on a regular, minute-by-minute basis. The center's telephone number is, after all, included on nearly every document we distribute to the

possibly be a victim of fraud.

3. **Being paid in stock:** A stock is only worth what you can sell it for, and values change. At a minimum, a client should make sure the stock is registered.
4. **Distribution from a qualified plan that was not rolled over:** A lump-sum distribution from a retirement, college savings or other tax-deferred plan that is not rolled over into another plan could indicate theft or fraud.
5. **Missing interest or dividends when previously reported:** If your client's interest or dividends reported in previous years have significantly diminished, the client may have been lured away from safe, income-producing investments to risky investments.
6. **Exotic investments:** Complex, exotic investments can confuse investors and are often used by con artists to hide their theft.
7. **Hand-written tax documents:** Hand-written documents are legal, but they are unprofessional and can be an indication of fraud.
8. **Large number of trades:** If you see excessive or unauthorized trading in an investment account, it could be a sign the brokerage firm or broker is not working in client's best interest.
9. **1035 exchanges:** A 1035 exchange may indicate your client has been persuaded to move from one reasonable investment to a similar replacement for the purpose of generating a commission for the broker.
10. **1031 exchanges:** All 1031 exchanges should be scrutinized. Decreasing active participation in an investment increases the potential for fraud.

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## Reminder from the Call Center: Firm's name not a valid entry for third party designee

If you're a professional preparer of taxes, please be sure to include your name, and **not** the name of your firm, as a third party designee. Per our disclosure policy, we can discuss a tax return with the preparer of that return only when the preparer's name is listed as a third party designee. If your firm's name is listed as a third party designee, we will request a completed power of attorney form before we discuss the return with you.

Thank you for helping to ensure that taxpayers' rights and privacy are protected.

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## Helpful links

The [Montana Wage Withholding Tax web page](#) has been updated.

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## Vendor update

Every year tax software vendors, such as Turbo Tax, seek approval to participate in the Montana federal/state electronic filing program. The software of each vendor is currently being tested to ensure that it's compatible with the Montana Department of Revenue's electronic filing system. You can find the latest approval status of each product at

public and every letter we mail. And Montanans are certainly dialing it.

The center answers, on average, 700 calls a day during tax season and as many as 124,000 calls in a year. The seven people who staff the center are there to answer any and all tax questions they can. If they can't answer a particular question, they know who can, and refer callers as needed.

The center assists callers with a vast range of tax-related questions and issues, helping solve problems and alleviate frustrations. Some of the most common calls involve:

- Helping people respond as they should to letters received from the Department of Revenue
- Helping people find information about how to fill out their tax returns
- Answering tax-related questions of new and prospective business owners

The Call Center, as many callers are delighted to learn, does not use a phone tree (as in, when you call a business number and are asked to press "1" for this, "2" for that).

"People are very happy when they call in and get a person straightaway," says Marilyn Trevino, one of the Call Center's staff. "The only time they don't get a person is when we're all on other calls or it's after business hours.

"Our call center staff are passionate about guiding people through Montana's tax system," says Cathy Fitzgerald, Bureau Chief of our Citizen Services Division. "It can be a tough job but an incredibly rewarding one, since there are so many who want to do the right thing and live up to their tax responsibilities."

[http://revenue.mt.gov/forbusinesses/electronic\\_filing/mef.mcp.x](http://revenue.mt.gov/forbusinesses/electronic_filing/mef.mcp.x).

The department updates this page every Friday showing vendor approval status. For more information, email [dore-services@mt.gov](mailto:dore-services@mt.gov).

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## Contact us

Visit us online at [revenue.mt.gov](http://revenue.mt.gov) or call us toll-free at (866) 859-2254 (in Helena, 444-6900).

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