

January 9, 2014



## Montana Tax News You Can Use

An e-newsletter for tax preparers and those interested in the state's tax system

### Income tax filing timeline for Montana

**January 7, 2014:** We posted the Montana 2013 paper tax forms on our [website](#).

**January 21:** We begin accepting and processing Montana 2013 individual income tax forms filed on [Montana Taxpayer Access Point](#) (TAP).

We also begin accepting and processing Montana 2013 business returns (CLT, CLT4-S, PR-1, FID) submitted electronically and by paper. The Internal Revenue Service (IRS) recently announced it will open the 2014 e-filing season for business returns on January 13. Tax software companies whose products have been approved for Montana e-filing may begin accepting federal/state tax returns earlier in January and submit them to the IRS. That means if you e-file your federal and state business tax returns in early January using IRS software or a third-party software provider, the state won't begin processing them until January 21 or later.

**January 31:** While January 21 is the start date for processing e-filed Montana individual income tax returns, the IRS recently announced it will open the 2014 individual income tax filing season on January 31. Tax software companies whose products have been approved for Montana e-filing may begin accepting federal/state tax returns earlier in January and hold those returns until the IRS systems open on January 31. That means that if you e-file your federal and state individual income tax returns in early January using IRS software or a third-party software provider, the state won't receive your return until January 31 or later.

**February 18:** We begin processing Montana individual income tax returns submitted via paper. Keep in mind that no matter how soon in the tax season you or your client submits a paper tax return, you'll receive your refund faster if you e-file because of the extended time required to process paper.

## More on allocation of estimated payments for couples who file separately on same form

On December 13, we emailed you a clarification of an article we included in the December 12 issue of Montana Tax News You Can Use. The clarification and the article addressed allocating estimated payments for married couples who file returns separately on the same form. We'd like you to know more about how we handle returns that show a reallocation of estimated payments.

There are only two situations that prompt us to reallocate payments reported on tax returns. The first is when our computer system attempts to balance and reconcile the taxpayer's individual accounts using total payment information from both columns on the form and the total payments applied to both spouses for the tax year. We change payment information on the form when the total payments claimed by the taxpayer do not match the amount the department receives.

The other situation is when one column of the return shows a refund and the other column shows an amount due. In that case we manually adjust payments using information from the form as a guide.

If one of these two situations doesn't occur, we will apply payments to the account based on how the taxpayer directs us when making the payment.

Amounts reported on the return are also the primary source of information for the federal Form 1099-G generated by the department. Changes made to the form can affect that information.

Married taxpayers who receive statements or refunds for amounts other than what they expected because of an allocation of payments should contact the department. Since we don't stop each return to reallocate payments, we will be happy to assist in any way we can to reallocate the payments.

## Taking the college contribution credit

Your clients can claim a credit against their income tax liability for contributions they made in 2013 to either a foundation or general endowment fund of the Montana university system or of any private, community or tribal college in Montana. The credit is equal to 10% of the contribution. The maximum credit allowed is \$500.

"Foundation" means a nonprofit organization that is created exclusively for the benefit of any unit of the Montana university system or of any private, community or tribal college in Montana that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

Please note that a contribution to any *unit* qualifies. So, a contribution to a specific department of a qualifying school may be eligible for the credit. If the credit claimed comes under review by the department, the burden lies on the taxpayer to substantiate the contribution and show how the benefiting entity or unit is a general endowment fund or meets the description of "foundation" above.

## Approved tax software for 2013

Every year tax software vendors seek approval to participate in the Montana federal/state electronic filing program. We test the software of each vendor to ensure that it's compatibility with our electronic filing system. You can find the latest approval status of each product [here](#).

For more information, email [dore-services@mt.gov](mailto:dore-services@mt.gov).

## New website ready to roll

In the next few days the Department of Revenue will launch a new [website](#). The first thing you'll notice is, of course, the new look. We hope that you also find that it's more intuitive and user-friendly than the current site. However you feel about the new website, we want to hear from you. So please be sure to click on the survey button, located on the website's homepage, and give us your feedback.

## Rewarding volunteer opportunity

Montana Free File is in need of volunteers to help low- and middle-income taxpayers during tax season. Volunteer positions include tax preparer, intake specialist, quality reviewer, volunteer trainer, and computer technical support. Montana Free File is a partnership involving Montana Legal Services, Montana's Credit Unions, Opportunity Link, Rural Dynamics, Montana Student Assistance Foundation, AARP Tax-Aide Montana and the Montana Department of Revenue. For more information, visit [Montanafreefile.org](http://Montanafreefile.org) or call 800-745-5546, ext. 142.

## The Taxpayer Advocacy Panel

*by Ken Armstrong, Chair of the Taxpayer Advocacy Panel*

The Taxpayer Advocacy Panel is an advisory panel charged by the U.S. Department of Treasury to provide the IRS with a taxpayer perspective on critical administration programs and to help identify "grass- roots" tax issues.

The Taxpayer Advocacy Panel listens to taxpayers and makes suggestions for improving IRS service and customer satisfaction. It focuses on issues involving wage and investment, as well as small businesses and self-employment. The panel does not consider legislative issues or assist with individual tax problems.

The panel is composed of approximately 73 volunteer members from all walks of life representing the taxpaying population. There is a minimum of one representative from each state. Members serve a three-year appointment and are expected to spend between 300 and 500 hours per year on panel activities.

If you have issues involving the IRS income tax system or its administration, please contact the Taxpayer Advocacy Panel by calling 1-888-912-1227 or by first visiting its [website](#).

## Contact us

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

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**Montana Department of Revenue | Tax News You Can Use**

edited by [Ted Brewer](#)

Montana Tax News You Can Use is published weekly during tax season and periodically at other times. It is for anyone who helps people file taxes and meet their tax responsibility and for anyone simply interested in the state's tax system. It keeps you posted on what's happening at the

department, lets you know about new ways of preparing and filing taxes and brings you up-to-date on some of the issues and trends popping up during tax season in Montana. To subscribe, please visit [www.revenue.mt.gov](http://www.revenue.mt.gov) and click on "sign me up."

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