

Montana Tax News You Can Use

Montana Department of Revenue

December 3, 2015

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

Changes in Montana Tax Laws

New Laws

The 2015 Legislature passed a number of new laws that tax preparers should keep in mind as we head into the upcoming tax season.

[House Bill 379](#) makes several changes in the administration of income taxes. Beginning with the 2015 tax year, the statute of limitations for individual income tax returns reduces from five years to three. The change does not apply to tax years before 2015. The bill also makes changes to penalties and interest, but those changes do not take effect until 2017.

[Senate Bill 309](#) changes the Unlocking State Lands program beginning in 2016. The bill extends the program to include providing access to federal land managed by the U.S. Forest Service and the Bureau of Land Management. Additionally, the amount of credit increases to \$750 per access and the maximum a taxpayer may claim for a year increases to \$3,000.

Senate Bill 399 provides a subtraction from Montana income for deposits into a Montana ABLE account. Provided for by federal law, ABLE (Achieving a Better Life Experience) accounts allow savings accounts for the benefit of individuals with a disability. The funds in the account can be used for disability-related expenses that supplement the benefits from insurance and other sources.

Other Changes

Insure Montana: The Insure Montana tax credit expires on December 31, 2015, and will not be available after that date.

Oilseed Crushing & Biodiesel Blending Facilities Credits: Facilities which would qualify for either credit must have been placed in service prior to January 1, 2015. Only unused credit from a facility placed in service prior to that date may be claimed for up to seven years.

Please contact us or refer to the bill or Form 2 instructions for additional information.

Alternative Nicotine or Vapor Product Sales License Needed by January 1, 2016

Retailers who sell alternative nicotine or vapor products need to apply for a new \$5 license before January 1, 2016. Even if retailers already have a retail tobacco license, they'll need this new license to sell alternative nicotine or vapor products. They can apply for the \$5 license online through the department's *eStop Business Licenses*. For more information, visit revenue.mt.gov/home/businesses/estop_licensing or contact our customer service center by email at DORestop@mt.gov, or call toll free at 1 (866) 859-2254 (in Helena 444-6900).

You can read the news release at revenue.mt.gov/home/Newsroom. This license was authorized by Senate Bill 66.

Tax Exempt Property Owners Must Reapply for Property Tax Exemption

Nonprofit organizations and other tax exempt property owners need to reapply for property tax exemption. Owners of tax exempt real property in exempt status before 2014 are required to submit an application to the Department of Revenue by March 1, 2016.

About 10,000 tax exempt properties in Montana are affected. The reapplication requirement includes property owned by most nonprofit organizations, private schools and colleges, churches, parsonages, low income housing, veterans' clubhouses, community service and fraternal organizations, cemeteries, and land leased from a railroad by a nonprofit organization.

The Department of Revenue is mailing letters and applications this week to organizations with tax exempt properties in the state system. You can also download and print the application, form AB-30R, from our website at revenue.mt.gov.

This change is the result of a new law from the 2015 Legislature.

DOR Employees to Offer Tax Updates & Training

Department of Revenue employees will be giving presentations at various programs around the state and talking about changes in state tax laws and rules, changes to forms, and changes in federal taxes and what impact they might have on Montana.

Butte Chapter of Montana Society of Public Accountants (MSCPA), Thursday, **December 10**, 4:00 to 5:30 p.m., The Loading Zone. RSVP to Brandon Clark (bclark@newlandpc.com), Newland and Company, P.C.

Billings Chapter of MSCPA, Tuesday, **December 15**, 2:00 to 4:00 p.m., Crowne Plaza Petroleum Room. RSVP by December 11 to bccpa@hotmail.com.

Flathead (Kalispell) Chapter of MSCPA, Tuesday, **January 5**, 11:45 a.m. to 1:30 p.m., Red Lion. RSVP to Jake Carter (jcarter@jccscpa.com), 862-2597, Junkermier, Clark, Campanella, Stevens, P.C.

Missoula Chapter of MSCPA, Wednesday, **January 6**, 11:30 a.m. to 1:30 p.m., DoubleTree. RSVP to Brandon Gebhardt (bgebhardt@jccscpa.com), Junkermier, Clark, Campanella, Stevens, P.C.

Rural Chapter of MSCPA (Rural Chapter members only), Thursday, **January 7**, 12:00 noon to 1:00 p.m., Online. Visit (<https://www.mscca.org/about/chapters>) for more information and registration.

DOR Income Tax Specialist Brian Olsen will provide a general update at all presentations and Pass-Through Unit Manager Tracee Abel will provide information on Montana's filing and remittance requirements for pass-through entities at the Billings, Kalispell, and Missoula presentations. She will present the pass-through information in Butte in January.

Changes to PTAP & MDV

There are improvements to the Property Tax Assistance Program (PTAP) and the Montana Disabled Veteran (MDV) exemption.

- Property owners who were in the program as of December 31, 2014, do not have to reapply.
- New applicants are required to apply the first year only.
- Everyone has to meet income and property ownership/occupancy requirements every year.
- Once you have applied for the program, we will notify you each year whether you qualify.
- You will be included in the program's annual income verification until you move from your residence.
- If you are eligible, the PTAP benefit is applied to the first \$200,000 of the market value of your primary residential property.

PTAP provides property tax relief to anyone who meets the qualifications and there is no age restriction.

Income requirements:

The department verifies your Federal Adjusted Gross Income (FAGI), excluding capital and income losses. For a single applicant, your income must be less than \$21,032. For heads of household and married applicants, your income must be less than \$28,043.

The MDV exemption provides property tax assistance to qualifying disabled veterans and their surviving spouses.

Income requirements:

The department verifies your Federal Adjusted Gross Income (FAGI), excluding capital and income losses. For a single applicant, your income must be less than \$48,626. For heads of household and married applicants, your income must be less than \$56,107. For an unmarried surviving spouse, your income must be less than \$42,392.

Application Deadline: New applicants are required to apply the first year only, by April 15. Property owners who were in the program as of December 31, 2014, do not have to reapply. Everyone has to meet property ownership/occupancy and income requirements every year.

For applications and forms, go online to revenue.mt.gov/property-forms or contact your local Department of Revenue office. **For questions and more information about qualifications**, visit revenue.mt.gov or phone the department's call center at 1-866-859-2254, or 444-6900 if calling in Helena.

Montana Free File Needs Volunteers

The Volunteer Income Tax Assistance Partnership (VITA) is asking for help with tax preparation or related activities at any of the many VITA sites across Montana.

Every year, tax volunteers prepare thousands of state and federal individual income tax returns as a public service to Montana taxpayers. There is a role for anyone who wants to help. You can sign up to volunteer at MontanaFreeFile.org.

Montana Free File (MFF) is a statewide public awareness campaign informing Montanans about free tax filing options available to them. MFF was formed out of a collaborative effort in 2006 and has expanded to include nonprofit and government organizations. Current partners include Montana Credit Unions for Community Development, Rural Dynamics Inc., Montana Legal Services Association, Montana Department of Revenue, IRS, Opportunity Link Inc., AARP Tax-Aid Montana, and the Student Assistance Foundation.

Form 2M: Discontinued for Tax Year 2015

We are discontinuing Form 2M for Montana individual income tax returns beginning with the 2015 tax year. Form 2 and Form 2EZ will still be available. Taxpayers who file electronically should not see a significant difference because the software will guide them through the process.

The number of taxpayers filing Form 2M has steadily declined over the last few years. Discontinuing Form 2M makes it easier for taxpayers to decide which form to use to file their taxes. It also lets us more efficiently and effectively process your tax returns. For taxpayers that requested Form 2M be sent to them for tax year 2015, our plan is to send a postcard notifying them of the change, as well as a Form 2 booklet.

Rich Bechtel Retiring from Taxpayer Assistance



Rich Bechtel from the Montana Department of Revenue's Office of Taxpayer Assistance and Outreach is retiring at the end of this year.

Rich has served Montana's taxpayers in this position since November 2008.

We know taxpayers and tax preparers alike have valued Rich's sincerity and dedication to helping those in perplexing tax situations. If you'd like to wish him well before he starts a new chapter in his life, you can email him at RBechtel@mt.gov before December 31.

The department is currently interviewing internal candidates for Rich's replacement, and we should be able to introduce him or her in the January 7 issue of *Tax News You Can Use*.

TNYCU Publication Schedule

You can look forward to new issues of *Tax News You Can Use* on the following dates:

2016

January 7

January 21

Every Thursday in February (4, 11, 18, 25)

Every Thursday in March (3, 10, 17, 24)

April 7

April 14

May 5

We will add dates after May as needed.

DOR Asks Preparers and Public to Be Vigilant About Online Security

The Montana Department of Revenue joins the Internal Revenue Service and other states and associations in appealing to the public to take online security precautions. Several agencies launched the public awareness campaign "Taxes, security, together" in time for individual income tax season that begins in about a month.

The department asks tax preparers to help by sharing information about security precautions with your clients. For more information on protecting your data, visit the IRS security webpage www.irs.gov/taxessecuritytogether, the Montana Department of Justice Office of Consumer Protection at dojmt.gov/consumer, or the Montana Department of Revenue at revenue.mt.gov.

Season's Greetings from DOR

The Department of Revenue would like to wish you a wonderful holiday season and a Happy New Year.

Tax season is right around the corner and we want you to know that you are the reason for the work we do. We appreciate you partnering with us to help us continue improving our service to you.

Tax Facts

For 2015, as of November 27:

- Total number of individual income tax returns we've processed: 534,006
- Number of individual tax returns we've received electronically: 465,391
- Number of individual income tax refunds we've issued: 403,960
- Average amount of refunds: \$474

As of November 30:

- Number of fraudulent tax returns we've intercepted: 1,720
- Amount of fraudulent refunds we've prevented: \$1,873,246

Contact Us

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It pays to follow Revenue on Twitter: @MTRRevenue

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 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**, visit the [Newsroom](#) page on revenue.mt.gov and click on the "Tax News You Can Use" tab.

We welcome your suggestions for articles, as well as your questions and comments. Send them to DORWritingProject@mt.gov.

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Edited by [Molly A. Petersen](#)



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