

# Montana Tax News You Can Use

Montana Department of Revenue

February 25, 2016

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

## Filing Deadline for Form MW-3: Feb. 29

The due date for filing the Montana Annual Withholding Tax Reconciliation form (MW-3) is Monday, February 29. Normally the deadline is February 28; however, since the 28th lands on a Sunday this year, the due date is extended one day.

On or before February 29, you are required to file the following with the department:

- Montana Annual Withholding Tax Reconciliation form (MW-3) supporting the withholding reported on the W-2 and 1099 forms
- Wage and Tax statement (W-2) for each employee to whom Montana wages were paid, with or without withholding
- 1099s with Montana state withholding - must be filed with the MW-3
- 1099s without Montana state withholding - must be filed with a federal Form 1096

There are two ways to file the MW-3 online through [Taxpayer Access Point \(TAP\)](#):

- Single entry - All of the business's payment information will prepopulate on the MW-3.
- File upload - Payroll service providers or third party preparers can submit files on behalf of clients, using department approved software.

## Target Tax Dates

**February 29** is the filing deadline for all MW-3s, RW-3s, W-2s, and 1099s.

**March 1** is the deadline for:

Completing and returning a livestock reporting form

- Go online to [ReportYourLivestock.mt.gov](http://ReportYourLivestock.mt.gov)
- NEW this year: pay online when you report (payment deadline is May 31)

Reporting class eight business equipment

- Go online to [Taxpayer Access Point \(TAP\)](#)

Tax-exempt associations and organizations to apply for property tax exemption ([Form AB-30R](#))

Filing quarterly retail telecommunications excise tax returns ([Form RTE](#))

Filing Second-Tier Pass-Through Entity Owner Statements for tax year 2015 ([Form PT-STM](#))

## Deadlines for Form MT-R, Reciprocity Exemption from Withholding for North Dakota Residents

North Dakota residents currently working in Montana can claim an exemption from Montana withholding under the Montana-North Dakota Reciprocity Agreement. Individuals who have been working in Montana who want to continue to be exempt from withholding for 2016 must:

- Complete [Form MT-R](#)
- Make a copy for their records
- Submit the original to their employer **by February 29**.

The employer will keep another copy for their records and submit all originals to the department **by March 31**.

New employees may claim an exemption by submitting a completed Form MT-R to their employer within 30 days of starting employment. The employer will submit the form to the department within 30 days of receiving it.

## March 1 Deadline for Form PT-STM

[Form PT-STM](#) is an application for a waiver of the pass-through withholding requirement that pass-through entities must consider if they have a second-tier pass-through entity owner. The deadline for Form PT-STM is 45 days before the original due date of the pass-through entity's return. **For most filers, the deadline for tax year 2015 is March 1, 2016.**

You can file Form PT-STM on the department's website through [Taxpayer Access Point \(TAP\)](#) or on paper.

## Missing a W-2? What your clients can do.

If one of your clients did not receive or misplaced a W-2, that person has two options:

1. Ask his or her employer to reissue the W-2.
2. Complete [Form RTI, Request for Copies of Tax Information](#), and submit it to the department. You can complete this form on your client's behalf as long as you have [Power of Attorney](#). A POA can be filed electronically on [Taxpayer Access Point \(TAP\)](#).

Your client's return still needs to be filed on time even if that person has not received a W-2.

- If you need to file your client's return without the W-2 and you are **filing on paper**, include a completed copy of federal [Form 4852 Substitute for Form W-2](#) with your client's Montana individual income tax return.
- If **filing electronically**, retain Form 4852 for your client's records.

If your client receives a W-2 or W-2C after you file the return using Form 4852 and the information differs, your client's return will need to be amended.

## Pass-Through Entity Delinquency Letters

The department recently mailed delinquency letters to S corporations and partnerships. **Taxpayers who do not respond to these notices may be subject to tax estimation.**

We send delinquency notices to entities that previously filed a tax return or have an open account. We automatically set up tax accounts for businesses that register with the Secretary of State but do not respond to the department's Welcome Letter, which is a request for information that we mail to each entity upon receiving notification of their business registration.

The delinquency notice project helps the department keep taxpayer accounts up-to-date. The letters serve as a reminder for entities that may have forgotten to file and informs other entities that we didn't receive their returns. The department appreciates the time taxpayers and their representatives take to respond to these letters. Responding helps us not only ensure compliance, but also allows us to clean up unnecessary accounts and identify any system errors. Please note that taxpayers who do not respond to these notices may be subject to tax estimation.

For entities that do not have any Montana activity for the tax year in question, the best response, administratively, is to file a tax return signed by the taxpayer that shows no Montana activity or to file the Affidavit of Inactivity [Form INA-CT](#). Alternatively, an entity should file a Final Return to close their account with the department if they are withdrawing with the Secretary of State or do not anticipate any future Montana activity.

## Reminder: Bank Routing Number Changes

Banks merge and bank routing numbers occasionally change. When you're filling out direct debit payment or direct deposit refund information on your taxes, pay special attention to the routing and account numbers. It's a good idea to confirm the routing number and account number with your financial institution. Also be sure to update any banking information you may have saved online to submit tax payments to the department.

An example of this from early 2015 included the Mountain West Bank merger with First Interstate Bank. The Mountain West routing numbers 092001677 and 092901638 were changed to 092901683.

## Montana Elderly Homeowner/Renter Credit

Montana allows qualifying citizens a credit for a portion of their property taxes or rent paid based on their income. This refundable credit of up to \$1,000 can be used against state income liability or as a direct refund if the person is not required to file a Montana state income tax return. Only one claim per household is allowed.

If your client can answer "yes" to all of the following questions, they may be eligible for the credit:

1. Were you 62 or older as of December 31, 2015?
2. Did you live in a Montana residence as an owner or renter for a total of six months or more during 2015?
3. Did you live in Montana for nine months or more during 2015?
4. Was your total gross household income less than \$45,000 in 2015? Form 2EC contains instructions for determining total gross household income for the purpose of determining the tax credit.

Except for dwellings rented from a county or municipal housing authority, a claim for relief may not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the claim period. (See MCA 15-30-2341.)

File on [Taxpayer Access Point \(TAP\)](#) for free or complete [Form 2EC](#) to determine eligibility and to calculate the credit. For additional information and assistance regarding the elderly homeowner/renter credit, contact our call center toll free at 1-866-859-2254 (in Helena, 444-6900).

## Approved Tax Software for Tax Year 2015

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 compatible with our electronic filing system. You can find the latest approval status of each product on the department's website under [Online Services > Tax Software](#).

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

## Tax Facts

For 2016, as of February 19:

- Total number of individual income tax returns we've processed: 141,162
- Number of individual tax returns we've received electronically: 139,161
- Number of individual income tax refunds we've issued: 98,352
- Average amount of refunds: \$383
- Number of fraudulent tax returns we intercepted: 111
- Amount of fraudulent refunds we prevented: \$135,593

## Contact MT DOR

**Web:** [Revenue.mt.gov](http://Revenue.mt.gov)

**Email:** [DORCustomerAssistance@mt.gov](mailto:DORCustomerAssistance@mt.gov)

**Toll Free:** 1-866-859-2254

**Helena:** (406) 444-6900



**Tax News You Can Use:** [DORWritingProject@mt.gov](mailto:DORWritingProject@mt.gov)

We welcome your suggestions for articles, as well as your questions and comments.

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*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.

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