

Montana *Tax News You Can Use*

Montana Department of Revenue

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

Statewide Offset of Funds

The Department of Revenue's Other Agency Debts Unit handles the offset of state debts with state payments, which includes income tax refunds. We notify people by mail if their income tax refund has been seized through this program and they have an opportunity to dispute the action. If the funds were seized due to a nonstate agency levy (IRS or collection agency), the agency seizing the funds is responsible for notifying the person.

If people search for their refund on the department's [Where's My Refund?](#) online service and we offset the refund for debt, the service will not indicate offset or say the refund has been issued. The service will instead say the return has been processed and give the call center contact information (1-866-859-2254 or 444-6900 in Helena; DORCustomerAssistance@mt.gov).

Reminders on Montana's Family Education Savings Deduction

Montana law allows for a subtraction from a person's federal adjusted gross income for qualifying contributions to a 529 savings plan. We want to remind taxpayers and their preparers about a couple of aspects of the subtraction.

First, beginning in 2013, a change in law made by the Montana Legislature allows the subtraction for qualifying contributions to any state's 529 savings plan - not just the Montana plan. All other requirements, such as the relationship of the account owner to the contributor and limitation on the amount subtracted, remain the same. It is important to note that contributions to a prepaid tuition plan sponsored by a state *do not* qualify for the subtraction.

Also, the contribution must be made by December 31 of the tax year the subtraction will be claimed. Some other states' plans allow contributions made by April 15 to be attributed to the prior year, but that does not apply to the Montana subtraction.

Individual Income Tax Brackets

As you have been preparing Montana individual income tax returns this season, you may have noticed something about the tax brackets and other amounts used in computing taxable income: they are the same for the 2015 tax year as they were for 2014. This happened because inflation from June 2014 to June 2015 remained so low that it did not result in a change to the tax brackets and standard deduction and exemption amounts.

Beginning with the 2016 tax year, a change from the 2015 legislative session takes effect that will make tax planning easier in the future. The change moves the timing of the inflation adjustments so the amounts for a tax year will be known almost a full year earlier than in past years. In fact, the numbers that apply to the 2016 tax year were already computed and put into law by House Bill 359. You can find the amounts by looking at the affected statutes in [Montana Code Annotated Title 15, chapter 30, parts 21 and 26](#).

Target Tax Dates

April 15 is the application deadline for the [Property Tax Assistance \(PTAP\)](#) and [Montana Disabled Veterans \(MDV\)](#) programs.

April 18 is the deadline for filing:

- Individual state income tax returns
- **e-File:** [Online Services](#)
- Estate and trust income tax returns ([Form FID-3](#))
- **e-File:** [Tax & Payroll Software](#)
- Partnership returns ([Form PR-1](#))
- **e-File:** [Tax & Payroll Software](#)
- Disregarded entity returns ([Form DER-1](#)) for entities owned by partnerships
- **e-File:** [Taxpayer Access Point \(TAP\)](#)

Warning to Companies About Identity Phishing Scheme Involving W-2s

The Montana Department of Revenue is joining the Internal Revenue Service alerting businesses to a phishing email scheme that targets payroll and human resources

professionals. The scheme involves an email that purports to be from company executives and requests personal information on employees.

The scheme has claimed victims. Payroll and human resources offices have mistakenly emailed payroll data, including W-2 forms that contain Social Security numbers and other personal identity information to cybercriminals posing as company executives. If HR staff receive an email from a company executive asking for a list of company employees and their information, employees should check it out before they respond.

The department is asking Montana companies to let us know if their employee information has been compromised. Contact the department toll free at (866) 859-2254, or in Helena at 444-6900.

The department, IRS, other state tax agencies and tax industry are engaged in a public awareness campaign - Taxes. Security. Together. - to encourage everyone to do more to protect personal, financial, and tax data. See [IRS.gov/taxessecuritytogether](http://irs.gov/taxessecuritytogether) or [Publication 4524](http://revenue.mt.gov/fraud-prevention) for additional steps you can take to protect yourself. Also, visit <http://revenue.mt.gov/fraud-prevention> or call toll free at (866) 859-2254, or in Helena at 444-6900.

Do You Have Suggestions for Our Income Tax Forms?

We continuously strive to provide tax forms that are easy to complete and are understood by everyone who uses them. We're now beginning the process of reviewing and updating the Montana tax forms for the next tax year, as we do every year around this time. As a preparer, you use many of these forms on a daily basis and see many different situations play out with them. For that reason, we want to hear, and will value, any constructive comments or suggestions you have regarding our tax forms.

Please email your comments or suggestions to Tracee Abel, Income Tax Specialist, at TAbel@mt.gov.

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 & Payroll Software](#).

For more information, email DORe-services@mt.gov.

Tax Facts

For 2016, as of March 18:

- Total number of individual income tax returns we've processed: 257,952
- Number of individual tax returns we've received electronically: 250,322
- Number of individual income tax refunds we've issued: 216,662
- Average amount of refunds: \$406

- Average days for e-filed refund: 2016 = 6.4 days; 2015 = 5.2 days
- Average days for paper-filed refund: 2016 = 18.3 days; 2015 = 15.8 days

- Number of fraudulent tax returns we've intercepted: 209
- Amount of fraudulent refunds we've prevented: \$246,721

Contact MT DOR

Web: Revenue.mt.gov
Email: DORCustomerAssistance@mt.gov
Toll Free: 1-866-859-2254
Helena: (406) 444-6900



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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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