

Montana *Tax News You Can Use*

Montana Department of Revenue

January 5, 2017

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

Have You Tried the New TAP?

The Montana Department of Revenue upgraded its web-based Taxpayer Access Point system and changed the name to TransAction Portal (TAP) on January 3. The link to the site remains the same (<https://tap.dor.mt.gov/>) and it is still an easy, convenient, and secure way for you to conduct business with the department.

New features include:

- TAP is now smart phone and tablet friendly. You can complete most TAP activities on your mobile devices.
- Once logged in to TAP, the Correspondence tab on the Home and Account screens provides a record of requests submitted online, notices, and most letters sent by the department dating back three years.
- Alerts indicate outstanding balances, unread correspondence, and returns available to file. These alerts also provide links to allow users to quickly make a payment, read correspondence, or file a return.
- You can now file contractor's gross receipts (CGR) returns on TAP (see related article in this issue).

Contractor's Gross Receipts on TAP

You can now file your contractor's gross receipts (CGR) returns through the Department of Revenue's electronic [TransAction Portal \(TAP\)](#). It is easy, convenient, and provides you with options like:

- access to your CGR account information and current balance
- online filing of CGR-1, CGR-2, and CGR-3 returns
- make ACH payments or request allocations as needed
- register contracts and make payments or allocations in one transaction
- prepopulated subsequent returns on registered contracts
- print your return for your files, or to send to your subcontractor
- confirmation the department received your return
- view your account by contract for payments or allocations received from a government entity or prime contractor
- create a financial summary of payments posted to your account and allocations that you authorized
- file your personal property tax refund return (CGR-3) electronically and attach backup documentation
- send a webmail message to the department

If you aren't already registered on TAP, you can register your business for contractor's gross receipts at <https://tap.dor.mt.gov/> using your CGR account ID (xxxxxxx-00x-CGR) and the Letter ID number from any letter we've sent you.

We are confident that being able to electronically file your CGR returns will be a benefit to your business. If you have questions or need a Letter ID, please contact our office at (406) 444-6900 or toll free (866) 859-2254.

File 2016 PT-AGRs on TAP Now

The 2016 Form PT-AGR (Pass-Through Entity Owner Tax Agreement) is now available on the Department of Revenue's TransAction Portal (TAP): <https://tap.dor.mt.gov/>

The paper form will be available for download on January 7.

Form PT-AGR is an agreement between the pass-through entity and its owner that provides a pass-through entity a waiver from withholding requirements. The owner completes and signs the PT-AGR.

Form PT-AGR is due by the due date of the pass-through entity return, including extensions.

File 2016 MW-3s on TAP Now

The 2016 Form MW-3 (Montana Annual W-2 1099 Withholding Tax Reconciliation) is now available on the Department of Revenue's TransAction Portal (TAP): <https://tap.dor.mt.gov/>

We are currently finishing the implementation of a core software upgrade to our computer system. While we feel fortunate to work with an enhanced system, the process disrupted some of our year-end processes in 2016. Among them, the mailing of the 2016 MW-3s was delayed. Users should receive the form by mid-January.

Understanding that employers and practitioners prefer to receive MW-3s earlier, we will resume sending the MW-3s in early December this year.

The 2016 MW-3s are still due by February 28. You can file them electronically on TAP at <https://tap.dor.mt.gov/> /. You can also file them using the enhanced version of QuickBooks.

New Notice of Assessment (NOA)

Beginning this month, the Department of Revenue will use a revised format for initial assessments. The new [Notice of Assessment \(NOA\)](#) is a three-page document that includes additional information about appeal rights and payment options.

The NOA, which is period-specific, also reflects a change to the late payment penalty assessment. Previously, the late payment penalty was included with the amount due and the taxpayer had to send a written request to receive the penalty waiver. With the new NOA, the late payment penalty is not included in the amount due. Instead, the penalty is shown for informational purposes along with the 30-day date that the department needs to receive the tax and interest by before this penalty is due.

The department will still send a [Statement of Account \(SOA\)](#) to taxpayers the first of each month if the balance due on the NOA is not paid within 30 days. The SOA has also been expanded to include additional information helpful to the taxpayer and will include multiple tax periods if applicable.

Use the links above to preview the new NOA and revised SOA that the department will send for individual income tax purposes. Information may vary depending on the tax type.

Business Tax Filing Timeline for Montana

January 9, 2017: The Department of Revenue will begin accepting Montana 2016 business returns (CIT, CLT4-S, PR-1, and FID).

The IRS recently announced plans to open the 2017 e-filing season for business returns on January 6. Tax software companies that successfully tested and are approved for federal and state e-filing may begin accepting federal/state tax returns earlier in January and submit them to the IRS.

What this means for Montana taxpayers is that if you e-file your federal and state business tax returns, we will hold them until we start processing on January 23.

Individual Income Tax Filing Timeline for Montana

January 23, 2017: The Department of Revenue will begin processing Montana 2016 individual income tax returns submitted via federal/state e-file, [TransAction Portal \(TAP\)](#), and paper. This date coincides with the IRS timeline to begin processing.

Revised Form NOL for Individuals, Trusts, and Estates - Waiver of Carryback Period

The Department of Revenue updated Form NOL (Montana Net Operating Loss) to include instructions for trusts and estates following the adoption of new rule ARM 42.30.106 about the use of Montana net operating losses by fiduciaries. For

individuals, the Montana NOL reportable by fiduciaries is computed starting with the Montana taxable income with the adjustment in IRC 172(d) to the extent it relates to fiduciaries.

In addition, in response to feedback from preparers, the department decided to include a dedicated schedule for the calculation of NOL deduction balance when carrying one or several NOL deductions forward. This new Schedule D was modelled after the worksheet serving the same purpose that taxpayers may find in IRS Pub. 536.

Moreover, Schedule C has been modified to indicate which NOL deduction balance must be used on Schedule D in case multiple NOL deductions are applied to the same tax year. New Schedule C also constitutes a convenient way to keep track of NOL balances year after year and use them in the order provided by statute.

Finally, the department would like to remind preparers and taxpayers that Montana requires a separate election to waive the carryback period. This election must be made on Schedule A, and be sent to the department with the tax return from the loss year. If you are using a software that does not allow you to attach this document to your submission, mail Schedule A to: P.O. Box 7149, Helena MT 59604-7149.

The new Form NOL will be available for download on January 13.

Final Version of Forms Now Online

The 2016 income tax forms and instruction booklets are now available on the Department of Revenue website revenue.mt.gov/home/forms, with the exception of the MW-3 Montana Annual Withholding Tax Reconciliation form. The MW-3 will be available mid-January.

The department is mailing income tax booklets this week to libraries, post offices, banks, and others on its mailing list. Request forms by emailing DORForms@mt.gov.

DOR Tax Specialists Presenting Montana Tax Updates in January

Chapters of the Montana Society of Certified Public Accountants (MSCPA) will host DOR tax specialists Tracee Abel and David Merrien at events across the state in January. They will discuss changes in state tax laws and rules, changes to forms, and changes in federal taxes that impact Montana.

January 5, Missoula, 12:00 p.m. to 2:00 p.m. at the Double Tree Hotel. For registration details, contact Brandon Gebhardt at bgebhardt@iccscpa.com.

January 18, Bozeman, 12:00 p.m. to 2:00 p.m., location to be determined. For registration details or to RSVP, contact Margaret Herriges at margaret@mscpa.org.

January 19, Great Falls, 12:00 p.m. to 2:00 p.m. at the O'Haire Motor Inn. Lunch is provided for \$10 for members and nonmembers. For registration details or to RSVP, contact Amanda Manuel at amanda.manuel@iccscpa.com.

January 25, Webcast, 2:00 p.m. to 4:00 p.m. The Montana Society of Certified Public Accountants (MSCPA) will be hosting a two-hour webinar for members and nonmembers. For registration details, [click here](#).

Reminder: Tax Credits for School Donations

Your clients who contributed to Montana schools may be eligible for a dollar-for-dollar tax credit under a new law that took effect last January.

The law created two separate tax credits for contributions to certain programs that support elementary and secondary educational opportunities. Under the law, taxpayers can claim a credit of up to \$150 for contributions to a fund supporting innovative educational programs in Montana public schools. Taxpayers can also claim a separate credit of up to \$150 for contributions to qualifying organizations that provide scholarships to private schools.

Each program has a maximum of \$3 million in tax credits that award on a first-come, first-served basis per calendar year. In 2016, about \$9,000 in tax credits were preapproved for public education and about \$17,000 for private school organizations. To claim the credit on their 2016 tax return, your client needed to have their donation preapproved on the Education Donations Portal <http://svc.mt.gov/dor/educationdonations> by December 31, 2016. They also need to keep the confirmation code that they received with their records.

For more information, contact the Montana Department of Revenue at 1-866-859-2254 toll free, in Helena 444-6900, or DORCustomerAssistance@mt.gov.

Approved Tax Software for Tax Year 2016

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](#).

Tax Facts

For 2016, as of December 23:

- Total number of individual income tax returns we've processed: 544,655
- Number of individual tax returns we've received electronically: 480,724
- Number of individual income tax refunds we've issued: 415,234
- Average amount of refunds: \$486

Administrative Rule Activity

Go to revenue.mt.gov/rules for information about the department's current rulemaking activity, public hearing dates, and to sign up to receive future notices by email.

Contact MT DOR

Web: Revenue.mt.gov

Email: DORCustomerAssistance@mt.gov

Toll Free: 1-866-859-2254

Helena: (406) 444-6900



Tax News You Can Use: DORWritingProject@mt.gov

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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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