

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.



New IRS Phishing Scam Warning for Tax Preparers

WASHINGTON - The Internal Revenue Service, state tax agencies and the tax industry today warned both tax preparers and taxpayers of last-minute phishing email scams, especially those requesting deposit changes for refunds or account updates.

As the 2017 tax filing season winds down to the April 18 deadline, tax-related scams of various sorts are at their peak. The IRS urged both tax professionals and taxpayers to be on guard against suspicious activity.

The IRS, state tax agencies and the tax industry, acting as the Security Summit, enacted many safeguards against identity theft for 2017, but cybercriminals are ever evolving and make use of sophisticated scams to trick people into divulging sensitive data.

For example, one new scam **poses as taxpayers asking their tax preparer to make a last-minute change to their refund destination, often to a prepaid debit card.** The IRS urges tax preparers to verbally reconfirm information with the client should they receive last-minute email request to change an address or direct deposit account for refunds.

The IRS also suggests that tax preparers change and strengthen their own email passwords to better protect their email accounts used to exchange sensitive data with clients.

This is also the time of year when taxpayers may see scam emails from their tax software provider or others asking them to update online accounts. Taxpayers should learn to recognize phishing emails, calls or texts that pose as familiar organizations such as banks, credit card companies, tax software providers or even the IRS. These ruses generally urge taxpayers to give up sensitive data such as passwords, Social Security numbers and bank account or credit card numbers.

Taxpayers who receive suspicious emails purporting to be from a tax software provider or from the IRS should forward them to phishing@irs.gov. Remember: never open an attachment or link from an unknown or suspicious source. It may infect your computer with malware or steal information. Also, the IRS does not send unsolicited emails or request sensitive data via email.

The Security Summit maintains a public awareness campaign for taxpayers - [Taxes. Security. Together.](#) - and an awareness campaign for tax professionals - [Protect Your Clients; Protect Yourself](#) - as part of its effort to combat identity theft.

Montana's Family Education Savings Accounts (MFESA) and Deduction

Changes to the MFESA Administrator

Bank Plans administered by College Savings Bank are no longer available. You cannot open a new account with College Savings Bank. Funds in existing accounts will continue to earn interest, but additional contributions cannot be made to these accounts.

The new administrator for MFESAs is Achieve Montana. You can open new accounts through the new administrator or rollover existing accounts into an Achieve Montana account. For more information, visit www.achievemontana.com or call them at (877) 486-9271.

Montana 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.

The law allows the subtraction for qualifying contributions to any state's 529 savings plan - not just the Montana plan. It is important to note that contributions to a prepaid tuition plan sponsored by a state *do not* qualify for the subtraction.

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.

Approval Process: Pass-Through Entity Owner Agreement (Form PT-AGR)

The pass-through entity will only receive a notice if the Form PT-AGR is denied due to incomplete information. The pass-through entity will not receive a notice that the PT-AGR was denied due to owner non-compliance and will not receive a notice if the PT-AGR is approved.

When the department receives a Form PT-AGR, whether on paper or through the TransAction Portal (TAP), the form is run through a system-based check. If the form

has all of the necessary information to process the form, the system automatically approves the form and attaches it to the pass-through entity's account and the applicable owner's account.

If any required information is missing (i.e. important FEIN/SSN numbers or a signature), the system will mark the form for review. Missing information may result in a denial of the Form PT-AGR. The department does not review for owner compliance at this time.

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.

Reminders to Preparers when Filing MT Tax Forms

Below are some helpful reminders when filing your clients' taxes:

- If your client is expecting a direct deposit refund, or owes for taxes due, verify the client's bank routing and account numbers are current and correct. Many banks have been acquired by other banks and the routing numbers have changed. Banks are rejecting direct debit payments and direct deposits, if the routing and/or account numbers are incorrect.
- Form 2, Page 1 Dependent Section: Do not print "See Attached" in the page 1 dependent section. The first four (4) dependents must be listed on page 1 and any dependents over four (4) should be listed on an overflow sheet.
- Paper tax forms must be signed and dated by the taxpayer(s)
- Do not submit paper forms with masked IDs (SSNs, FEINs, PTINs).
- A partnership that has 100 or more partners over the course of its tax year is required to file the Montana Form PR-1 electronically. A partnership may request a waiver of the electronic filing requirement if the partnership can demonstrate that compliance with the requirement would cause an undue hardship. The Partnership E-File Waiver Request (Form PWR) with instructions can be found on the [Forms](#) page under Pass Through Entities/Supplemental Forms and Instructions.

Where's My Refund?

The Department of Revenue call center receives hundreds of inquiries from taxpayers each day wondering, "Where's my refund?" Please let your clients know that because of the ongoing nationwide increase in identity theft and filing of fraudulent returns, the department takes time to review all returns to ensure they are valid. Due to the security measures that we have in place, we expect it to take at least eight weeks for taxpayers to receive their refund or receive a notice from the department. We appreciate their patience.

Your clients can go to our website at revenue.mt.gov and click on the link for "[Where's My Refund?](#)" to find frequently asked questions about our refund process. To check the status of their refund, they can click the link for the [TransAction Portal](#) and then use the Quick Link "Where's My Refund?" They will need their Social Security number and the amount of their 2016 state refund. The amount can be found on:

- Form 2, Line 74
- Form 2EZ, Line 21
- Form 2EC, Line 13

Property Tax Relief and Reporting Deadlines for Property Owners

We'd like to remind owners of real and personal property about important deadlines approaching soon.

April 15 deadlines:

- The **Property Tax Assistance Program (PTAP)** provides property tax relief to anyone who meets the ownership, occupancy, and income qualifications and there is no age restriction.
- The **Montana Disabled Veteran (MDV)** exemption provides property tax assistance to qualifying 100% disabled veterans and their surviving spouses.
- The **Elderly Homeowner/Renter Tax Credit (2EC)** is a refundable income tax credit of up to \$1,000 available to taxpayers based on household income and is for anyone age 62 or older as of December 31, 2016.

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/property-assessment or phone the department's call center at 1-866-859-2254, or 444-6900 if calling in Helena.

Tax Facts

For 2017, as of March 17:

- Total number of individual income tax returns we've processed: 244,229
- Number of individual tax returns we've received electronically: 235,897
- Number of individual income tax refunds we've issued: 163,712
- Average amount of refunds: \$455.51

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](#).

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

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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Constant Contact 

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