

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.



Where's My Refund? Montana Refunds Taking Additional Time Due to Fraud Prevention Efforts

Due to fraud prevention efforts, the Montana Department of Revenue is taking additional time to process income tax refunds.

"The Department of Revenue takes identity theft very seriously and we appreciate the taxpayers' patience as we leverage our identity verification tools to ensure tax refunds are not going to someone who's stolen personal, confidential information," Revenue Director Mike Kadas said in a statement.

As one of the strategies to help combat identity theft, selected taxpayers will receive an identity verification letter from the department that lays out steps to confirm their identity to the department, such as having the taxpayer provide an identification number and send supporting documents. A common scheme has been for a fraudster to steal taxpayer information from an employer. The most recent example involved the denial of 56 fraudulent returns filed this spring. The company's employees and spouses often don't even realize that they've been victimized until they receive the verification letter from the department. So far, this process has proven to be a success.

Since 2011, the department has blocked approximately \$5 million filed by identity thieves seeking to claim tax refunds that don't belong to them. As part of unprecedented Security Summit partnership, the department is working together with the IRS, the tax software industry and other states to protect federal and state tax accounts from identity thieves.

The number of new people reporting stolen identities on federal tax returns fell by more than 50% last year with similar drops in Montana. However, cybercriminals are using more sophisticated tactics to steal even more data that allow them to impersonate taxpayers, so systems and processes continue to be strengthened.

Taxpayers can visit the Department of Revenue's website at revenue.mt.gov for more information about how to check the status of their refund. The "[Where's My Refund](#)" [FAQs](#) also provides answers to help taxpayers check their refund status. Information about recent scams and steps to take if you are a victim of identity theft can be found on the [Identity Theft and Fraud Prevention Information](#) page.

Extended Call Center Hours

The Montana Department of Revenue call center is offering extended hours again this tax season to assist taxpayers during the days before the April 18 deadline for filing income tax returns.

The call center will be available during regular business hours, 8 a.m. to 5 p.m. Monday through Friday, April 10-14. The call center will have extended hours during the last week of tax season. Beginning Saturday, April 15, help will be available 10 a.m. to 2 p.m., Monday, April 17, 7 a.m. to 7 p.m., and Tuesday, April 18, 7 a.m. to 8 p.m.

Taxpayers who need assistance can call the department's call center toll free at 1-866-859-2254, or in Helena at 444-6900. Taxpayers can also send an email to DORCustomerAssistance@mt.gov for tax assistance.

Take Advantage of the Composite Tax Election

A partnership or S corporation can file a composite tax return and pay a composite tax on behalf of an eligible participating owner. Eligible owners who decide to file the composite tax return do not have to file a Montana income tax return. You can find approved tax software products that support e-filing the Composite Tax Return on the Department of Revenue website under [Online Services > Tax & Payroll Software](#).

The composite tax is an election made by each eligible owner and may not be the right choice for everyone. Tax credits from Schedule II cannot be applied to the composite tax liability. Additionally, certain deductions are not included in the calculation of taxable income for composite tax purposes.

Use **Schedule IV (Montana composite income tax schedule)** to calculate tax for the owners that are eligible and choose to be included in a composite income tax return. If Schedule IV is included with the return, Schedule III should also reflect the owners that are included in the composite return. The checkbox in column E of Schedule III should be checked for each owner that is included on Schedule IV (even if no composite income tax is due). Report the composite tax due for each owner on Column F of Schedule III.

Employee Business Expenses - Tax Home

Employees in some industries, such as construction or oil and gas, sometimes have to travel great distances between their family home and their work location. The employer does not always reimburse travel expenses. When the employee pays the travel

expense, the employee has to determine if these expenses qualify as an allowable business deduction on their tax return.

Business expense deductions allowed under Internal Revenue Code (IRC) Section 162(a)(2) include deductions for mileage, meals, lodging and other travel expenses incurred while away from home in the pursuit of a trade or business, and in general does not include commuting to your job, no matter how far. Related deductions for mileage, meals, lodging, and other travel expenses incurred while commuting are not allowed.

In order to determine if the unreimbursed travel expenses are deductible for Montana tax purposes, the taxpayer must determine their "tax home". For this purpose, "home" does not mean the place where you live. Your "tax home" is the general area in which your place of business is located. When taxpayers are employed either permanently or for an indefinite amount of time away from their personal residence, "home" and "tax home" refer to two different general locations, and travel between the two locations is usually considered a personal commute. In this case, the related travel expenses are generally not deductible.

For more information about employee business expenses and the concept of "tax home", see our handout on ["Working in the Oilfields - How it impacts your Montana Income Tax"](#).

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.

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 24:

- Total number of individual income tax returns we've processed: 277,316
- Number of individual tax returns we've received electronically: 262,513
- Number of individual income tax refunds we've issued: 191,728
- Average amount of refunds: \$453.58

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
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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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