

# Montana *Tax News You Can Use*

Montana Department of Revenue

August 24, 2017

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



## MT Dept. of Revenue Director Elected to National Board

Mike Kadas, the Director of the Montana Department of Revenue has been elected Vice Chair of the Multistate Tax Commission by its members for the 2017 - 2018 term. The commission is a national, intergovernmental state tax agency whose mission is to achieve fairness by promoting compliance and consistent tax policy and practice, and to preserve the sovereignty of state and local governments over their tax systems.



## New Administrator for the Property Assessment Div.

The Montana Department of Revenue announces its new administrator for the Property Assessment Division. Shauna Helfert began her new position in early June. Helfert has been with the department for 23 years, including 19 years with the Liquor Control Division in various leadership capacities.



The Property Assessment Division administers Montana's property tax laws. Staff are responsible for the valuation of business equipment, residential homes, commercial property, and agriculture and forest land throughout the state for property tax purposes. The division has a central office in Helena and a local field office in each county seat. For more information visit [revenue.mt.gov](http://revenue.mt.gov).

## Tax Facts

For 2017, as of August 18:

- Total number of individual income tax returns we've processed: 508,723
- Number of individual tax returns we've received electronically: 451,711
- Number of individual income tax refunds we've issued: 397,599
- Average amount of refunds: \$479

## Lodging Tax Requirements for Tourist & Vacation Home Rentals

Renting a room, apartment, or home on a short-term basis (less than 30 days) has increased with the emergence of websites that connect owners and users such as Airbnb, VRBO and Craig's List. The owner renting out short-term lodging in Montana must obtain a sales and use tax permit from the Montana Department of Revenue. The combined 7 % lodging facility and accommodations sales taxes must be collected by the owner from the guest or user of the facility. The owner must file a return with the department to report all lodging activity and remit the tax to the state. If tax is not collected from the guest or user, the owner renting the lodging is liable for the tax, including interest and penalties.

To register for the sales and use tax permit, fill out the general registration (GenReg) form. To access the form, visit <http://revenue.mt.gov>, click on 'forms,' 'lodging facility,' and 'general registration'. You can also find the department's lodging tax guide.

## Owners of Property Damaged by Wildfire May Qualify for Tax Relief

The Montana Department of Revenue reminds property owners whose homes or other property are damaged or destroyed during wildfire or other natural disaster that they can apply for property tax assistance. A property or land owner whose home, outbuildings or forest land are partially or totally destroyed by the natural disaster, making the property unsuitable for its previous use, may be eligible. Businesses whose equipment is destroyed may also qualify. The tax relief is prorated based on the number of days the property is unusable. The assistance is available for the current tax year.

To apply, property owners need to complete [Form AB-25](#). Forest land owners should do [Form AB-26](#). Application forms are available at all Department of Revenue local offices and on the department's website at [revenue.mt.gov](http://revenue.mt.gov). You can find the department's local office contacts, phone numbers and addresses for your area at <http://revenue.mt.gov/property-assessment>.

For more information, property owners can contact their local Department of Revenue office or the call center at (406) 444-6900, or visit [revenue.mt.gov](http://revenue.mt.gov).

## Extended Due Dates (September 15)

Montana partnership (Form PR-1) and S-corporation (Form CLT-4S) 2016 tax year returns filed on extension are due by Friday, September 15. These filers will have a valid filing extension if they mark the extension indicator box on the tax return and include a copy of the federal extension Form 7004 with the completed tax return.

An extension of time to file is not an extension to pay. If the partnership or S-corporation does not pay the amount of tax due by the original due date, it will owe interest and penalties on any balance due.

## Assistance for Business Clinics (ABC) Schedule

**WHAT:** Assistance for Business Clinics (often called ABC clinics)

**WHY:** To assist new and established employers, accountants and other professionals

**HOW:** By providing updates about state income tax withholding requirements, e-file applications that help businesses with their filing requirements, unemployment insurance tax requirements, workers compensation coverage and other related subjects

**WHEN:**

September 13: Polson at Ninepipes Lodge (Charlo)

September 20: Lewistown at Yogo Inn

September 27: Butte at La Quinta Inn & Suites

October 4: Hamilton at Bitterroot River Inn

For additional information, including the registration form, visit [dli.mt.gov/ABC](http://dli.mt.gov/ABC) [Schedule](#).

## Charitable Gift Valuation & Reporting

Federal tax regulations set gift valuation guidelines and Montana conforms to the federal code. In general, a contribution's value is based on the type of asset donated and date of contribution, which ordinarily is the date when the assets are delivered to the receiving nonprofit organization.

Refer to the [IRS](#) for the details on charitable tax law, including deductions and valuation of assets. You might want to advise your clients or suggest they consult a tax advisor about tax-effective giving.

Under IRS regulations, the donor is responsible for determining the valuation date and corresponding fair market value.

For assistance as you consider the deductibility and valuation of your donations, reference:

- [IRS Publication 561 - Determining the Value of Donated Property](#)
- For noncash charitable contributions: [Form 8283](#) and [Instructions](#)

The following chart details how valuation and deductibility can shift based on the type of asset you donated.

Contribution type	Valuation	Deduction	% of AGI donor can deduct
Cash or cash equivalents	Amount of the check, electronic bank transfer, or wire received by Vanguard Charitable	Amount of donation	Up to 50% of AGI
Mutual fund shares	Closing price (net asset value) on the date on which the donor loses control of the donated shares, multiplied by the number of shares donated	If owned for <i>more than 1 year</i> : Fair market value on the valuation date.  If owned for 1 year <i>or less</i> : Cost basis or current fair market value, whichever is lower	Up to 30% of AGI (if valued at fair market value)*  Up to 50% of AGI (if valued at the lesser of the cost basis or fair market value)
Stock or bond shares	Average of the high and low selling prices on the date of contribution, multiplied by the number of units donated	If owned for <i>more than 1 year</i> : Fair market value on the valuation date.  If owned for 1 year <i>or less</i> : Cost basis or current fair	Up to 30% of AGI (if valued at fair market value)*  Up to 50% of AGI (if valued at the lesser

		market value, whichever is lower.	of the cost basis or fair market value)
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## Revenue Dept. Certifies Property Taxable Values

The Montana Department of Revenue has successfully completed its annual requirement to certify taxable values of property in the state's 56 counties. This year, all 56 counties certified the values before or on the August 7 deadline.

Under state law, the department's property assessment offices are responsible for providing the total taxable value of property to each taxing jurisdiction by the first Monday in August. The certified values include mobile homes, personal property business equipment, real property, and centrally assessed properties.

The 2017 certified taxable values for each county taxing jurisdiction are available at [property.mt.gov](http://property.mt.gov).

Local governments establish their budgets and set their mill levies for property tax calculations and collections based on the certified taxable values provided to each taxing jurisdiction.

## Amended Tax Return and Required Schedules

If a tax return filed for a tax year before 2015 was incorrect, you have *five years* from the due date of the original tax return to file an amended Montana tax return to correct the error. Tax returns filed for tax years 2015 and later are subject to a *three-year* statute of limitation.

Remember that all schedules must be included with an amended return even if an amendment did not affect the schedule. For example, an original tax return included Schedule V - Montana Tax Credits because the taxpayer claimed a credit. The taxpayer then amended his return, but the amendment did not affect the credit. The amended return should still include a Schedule V because the tax credit is still a claimed amount on the amended return.

It is important for all schedules to be included with an amended return for processing. Each tax return is treated like a new return in our information system and, if the information on a return is incomplete, processing errors and delays could occur.

You can file amended returns electronically with any approved software, even if you used a different software to file the original return. Check with your software provider to determine if it allows for filing amended returns. We process electronically-filed amended returns the same way we process the original return. After you submit the amended return electronically, the vendor software provides an acknowledgment of having received the return.

## Land Value Property Tax Assistance

The 2017 Montana Legislature approved [Senate Bill 94](#) that will assist residential property owners in areas of Montana that have experienced sharp increases in land value. Read the frequently asked questions, [FAQs](#), to learn more about this property tax assistance program.

## W-2 Email Scam

The IRS, state tax agencies and the tax industry are urging tax professionals and businesses to beware of a recent increase in email scams targeting employee Forms W-2. The W-2 scam - called a business email compromise or BEC - is one of the most dangerous phishing email schemes trending nationwide from a tax administration perspective. This is part of the ongoing effort to [Protect Your Clients, Protect Yourself](#).

## Annual Unclaimed Property Newspaper Publications

Every year in Montana, money and other personal assets go unclaimed. You or someone you know may be one of the owners of that unclaimed property held in trust by the state. This week, we began publishing in statewide newspapers the names of the owners of this property that has been reported as unclaimed from July 1, 2016, through June 30, 2017.

The department receives money from dormant bank accounts, uncashed checks and money orders, insurance policy payments and unused gift certificates, as well as stocks, bonds and the contents from safe deposit boxes. Some businesses will offer to help you find your unclaimed property, but may require you to pay a fee for their assistance. While these can be legal businesses, you do not have to pay to reclaim your property.

Please go to the TransAction Portal at <https://tap.dor.mt.gov/> and use the "Search for Unclaimed Property" link to search for your name. Follow the on screen instructions to create and submit your claim. If you prefer, we can mail you a paper claim form. You will need to call the department at (406) 444-6900. An advantage to creating an online claim is the option to have your funds directly deposited to your bank account. We are not able to offer this benefit through the paper claim process. Depending on the amount or type of property being claimed, we may require some additional documents to verify your identity and that you are the rightful claimant.

If you'd like more information, you can call us at (406) 444-6900 or send an email to [UnclaimedProperty@mt.gov](mailto:UnclaimedProperty@mt.gov).

## Administrative Rule Activity

Go to [revenue.mt.gov/rules](http://revenue.mt.gov/rules) for information about the department's current rule making activity, public hearing dates, and to sign up to receive future notices by email.

## Dept. of Revenue Publications Posted:

**2017 Montana legislation** passed that affects Dept. of Revenue and customers:

[http://revenue.mt.gov/Portals/9/publications/legislative\\_reports/2017-Summary-of-Legislative-Information.pdf](http://revenue.mt.gov/Portals/9/publications/legislative_reports/2017-Summary-of-Legislative-Information.pdf)

**Montana Dept. of Revenue fiscal year end 2017 revenue collections report:**  
[http://revenue.mt.gov/Portals/9/publications/revenuecollections\\_report/FY-2017/2017-Fiscal-Year-End-Revenue-Monitoring-Report.pdf](http://revenue.mt.gov/Portals/9/publications/revenuecollections_report/FY-2017/2017-Fiscal-Year-End-Revenue-Monitoring-Report.pdf)

## Preview Drafts of 2017 Individual & Business Tax Forms

The [2017 draft individual and business tax forms](#) are available for review. Keep in mind that these are drafts only and are therefore subject to change. These forms should not be used for software development. This page also has a link to the 2017 tax rates.

If you are interested in the list of approved tax software products, go to [revenue.mt.gov](http://revenue.mt.gov), Online Services tab for Tax Software.

## Future Issues & Articles

Coming up in future issues of Montana Tax News You Can Use, read about the state's new apprenticeship tax credit, filing extensions, refunds and fraud, withholding tables, tax booklet update, and MYRevenue.

Look for your next issue of MTNYCU in your email box on October 12, 2017.

## Contact MT DOR

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

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

**Helena Area:** (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.

*It pays to follow Revenue on [Twitter](#): @MTRRevenue*

## Subscribe

Go to the [Newsroom](#) page on [revenue.mt.gov](http://revenue.mt.gov) and click the "Tax News You Can Use" tab.

*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.

Montana Department of Revenue, P.O. Box 5805, Helena, MT 59604

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