

Montana Tax News You Can Use

Montana Department of Revenue

November 16, 2017

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

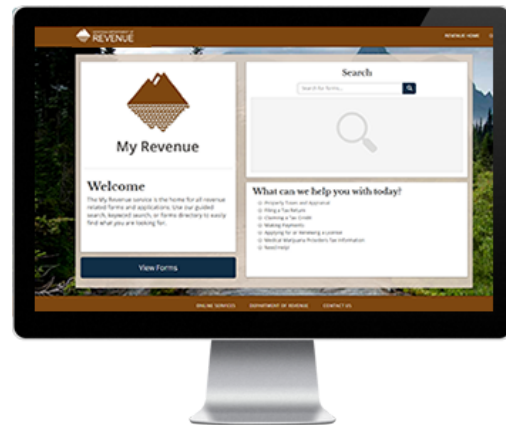


MT Dept. of Revenue MyRevenue

The department created a new web application called MyRevenue.

This service will help you and your clients easily find forms and filing options. It provides a guided search, keyword search, and a directory of all revenue related forms, instructions, and procedures.

You can access MyRevenue from the department's homepage at revenue.mt.gov.



Personal Property Online Reporting Requirement

Helena -The Montana Department of Revenue will notify business equipment owners to submit their annual report online in 2018 with the department's TransAction Portal (TAP). The department will not mail paper reporting forms.

"Electronic reporting is free, easy to use and saves time for businesses that are trying to work efficiently. It also makes processing the reports more accurate and cost effective," said Shauna Helfert, Property Assessment Division Administrator with the Department of Revenue.

In early January, business equipment owners will receive a letter from the department with instructions on how to log in to their TAP account or set up an account at <https://tap.dor.mt.gov>.

Business equipment owners who are notified need to report furniture and fixtures, heavy equipment, manufacturing and mining equipment, farm and ranch equipment, oil and gas equipment, and miscellaneous equipment they own on January 1. Owners need to submit a report even if there were no changes to their business equipment or if they closed or sold their business.

All business equipment reported for 2017 is prepopulated to the 2018 online reporting system.

Online reporting creates an electronic repository that lets businesses access submissions from previous years. Businesses can also use the sort and filter functions to quickly locate assets that need to be updated or deleted. Finally, online reporting provides businesses with immediate confirmation that the department received their report.

The reporting deadline is March 1, 2018, to avoid a 20 percent penalty.

For more information, visit revenue.mt.gov, or contact us at (406) 444-6900 or DORCustomerAssistance@mt.gov.

Tax Facts

For 2017, as of November 10:

- Total number of individual income tax returns we've processed: 544,545
- Number of individual tax returns we've received electronically: 482,549
- Number of individual income tax refunds we've issued: 418,716
- Average amount of refunds: \$510.40

Renew ITIN to avoid Delays

The IRS asks you to remind your customers with expiring Individual Taxpayer Identification Numbers (ITINs) to renew them now to avoid possible delays if they plan to file a tax return next year. All ITINs not used on a federal income tax return at least once in the last three consecutive tax years and ITINs with middle digits 70, 71, 72 or 80 will expire at the end of 2017. For more information, visit IRS.gov/ITIN.

New Business Registration

Most businesses that register with the Montana Secretary of State have a filing requirement with the Department of Revenue under Montana law. After

registering with the Montana Secretary of State, businesses can now register immediately to report their tax filing status by submitting the [Business Registration form](#) by fax or mail.

Miscellaneous and Natural Resource Returns

In an effort to save taxpayer dollars, the Montana Department of Revenue can no longer print and mail miscellaneous and natural resource paper returns to taxpayers, starting in 2018. This will apply to first quarter returns, semi-annual returns, and annual returns due in 2018. Returns will not be printed and mailed for the following tax types:

*911 Emergency Telephone, *Bentonite (BEN), *Cement & Gypsum (CGT), *Cigarette (CIG), *Coal Severance (CST), *Consumer Counsel (CCT), *Electrical Energy License (EEL), *Hospital Utilization (HUF), *Lodging Facilities (LFT), *Metal Mines Gross Proceeds (MMG), *Metalliferous Mines License (MML), *Miscellaneous Mines Net Proceeds (MMN), *Nursing Facilities (NFB), *Other Tobacco Products (OTP), *Public Service Regulation (PSR), *Rental Vehicle (RVT), *Resource Indemnity Trust (RIT), *Retail Telecommunications Excise (RTE), *Telecommunications Service (TDD), *Wholesale Energy Transaction (WET).

File and pay online through [TransAction Portal \(TAP\)](#) or download the form from our website at revenue.mt.gov. For more information contact us at 406-444-6900 or DorCustomerAssistance@mt.gov

Vacation Rentals

Online services that provide advertising, booking, and payment processing services for vacation rentals have increased the number of occasional renters in recent years. Taxpayers may be unaware of their tax obligations with respect to this additional income. Rental income is taxable and must be reported, except when a taxpayer rents a residence for fewer than 15 days. When renting for more than 14 days, expenses are subject to limitations and the treatment of losses depends on whether the dwelling is regarded as a residence during the tax year. We strongly recommend that taxpayers who intend to start a vacation rental business discuss their plan with a tax professional.

We also recommend that taxpayers maintain well organized documentation, with logs showing who used the property and for what reason, as well as receipts identifying the purpose and the date of expenses. When a taxpayer rents a dwelling at fair market value, expenses are disallowed for any day it is used for personal purposes. If only part of the property is rented, it must be divided in two dwellings for the purpose of determining the personal use of the rented section.

Disallowed expenses can add up quickly because a day of personal use includes:

- any personal use of a dwelling for any part of a day;

- any usage of the property by related parties, unless the related party uses the property as their main home and pays fair market price;
- any exchange of free stay with another party;
- non-arm length's transactions;
- charitable contributions in the form of a free stay granted to a charitable organization, whether or not they actually use the property.

Taxpayers must also be aware of the loss limitations for rental income. If the taxpayer uses the dwelling for personal purposes for the greater of 14 days or 10% of the time the dwelling is rented at fair market value, then the dwelling is deemed to be a residence of the taxpayer and allowable rental expenses cannot create a loss that year.

When the rented dwelling is not a residence of the taxpayer, all expenses attributable to the dwelling for that year may be allowed as rental expenses. But, unless the taxpayer is a real estate professional, any loss incurred is a passive loss. If a taxpayer actively participates in the activity (generally when she performs management functions), the rental loss may offset non-passive income up to \$25,000. Unlike the federal statute, Montana law does not require married taxpayers filing separately to recompute their rental passive losses and allows the entire amount to be allocated according to ownership.

Finally, tax professionals should be aware that occasional renters rarely receive a Form 1099 reflecting receipts from online booking agents. The absence of a 1099 must not be construed as the absence or the exemption of the rental income.

VITA/TCE Needs Volunteers

How would you like to help people with low to moderate incomes file their taxes? The Internal Revenue Service Volunteer Income Tax Assistance/Tax Counseling for the Elderly (VITA/TCE) programs are recruiting volunteers to assist with income tax preparation and related activities at sites across Montana.

Every year, tax volunteers prepare thousands of state and federal individual income tax returns as a public service for Montana taxpayers.

There is a role for anyone who wants to help. For additional information or to sign up to be a volunteer, contact Wendi Castle, IRS Relationship Manager, at (406) 444-8625, or go to [irs.gov](https://www.irs.gov) and type "tax volunteer" in the search box. Sign up now and make a difference in your community!

MSCPA Chapter Update Limitations

Due to state budget constraints, the Montana Department of Revenue needs to provide communication to chapters of the Montana Society for CPAs by means other than visits to regional chapters. We will have to limit our routine annual CPA chapter visits and plan to consider options for preparers to get important information. These communication methods include website, video conference, expanded TNYCU, etc.

2018 Withholding Tables

The Montana Department of Revenue determined that the existing wage withholding tables will remain in effect for 2018. We made this determination as a result of our annual review.

Tax Booklets

In an effort to save taxpayer dollars, the Department of Revenue no longer prints tax booklets. Please visit revenue.mt.gov for available options or call us at (406) 444-6900.

Under Construction

Stay tuned for the launch of the department's new website before the end of this year. The new website will be more streamlined and user friendly with enhanced navigation and plain language that's clear, simple and direct. We'll give you regular updates in this e-newsletter about the launch.

Administrative Rule Activity

Go to 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.

Call Center Number

The Montana Department of Revenue has discontinued the use of our toll free number. To reach us by phone, please dial (406) 444-6900 and a Customer Service Representative will assist you. The Call Center is available Monday through Thursday from 8 a.m. until 5 p.m. and on Friday from 9 a.m. until 5 p.m.

Did you know that you can also email your questions to DORCustomerAssistance@mt.gov? We respond to emails within 24 business hours.

Future Issues & Articles

Coming up in future issues of Montana Tax News You Can Use, read about change of address information, business apprenticeship tax credit, e-filing, filing deadline, approved tax software, and any federal tax law changes with respect to Montana filing. Look for your next issue of Montana Tax News You Can Use in your email box on December 14, 2017.

2018 Newsletter Schedule

You can look forward to new issues of *Tax News You Can Use* on the following dates:

2018

January 11, 25

February 1, 8, 15, 22

March 1, 8, 15, 22, 29

April 5, 12, 19

May 10

August 16

October 11

November 15

December 13

Share our Newsletter

Please feel free to share our newsletter Montana Tax News You Can Use with your clients, coworkers and other partners, and encourage them to sign up to receive our regular issues in their email boxes. Just log on to revenue.mt.gov to sign up. Click on the newsroom tile, then the Tax News You Can Use tab.

Contact MT DOR

Web: Revenue.mt.gov

Email: DORCustomerAssistance@mt.gov

Helena Area: (406) 444-6900

Tax News You Can Use: DORWritingProject@mt.gov

We welcome your suggestions for articles, as well as your questions and comments.

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



Subscribe

Go to the [Newsroom](#) page on 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 | Tax News You Can Use

Edited by [Wendy Brown](#)

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