



**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

## Memorandum

To: Director Kadas

From: Rose Bender

Date: August 10, 2017

Subject: Small Business Impact Statement for Partnership/Composite Tax Return Rule Changes MAR 42-2-979

The proposed amendment of ARM 42.9.106 follows the passage of SB 252 from the 2017 legislative session. The department proposes the amendments to correspond with the revised definitions from SB 252. Any impacts to small businesses from these changes are a result of the passage of SB 252 and not the department's corresponding rule revisions. In this section, the department also proposes amending section (5) to replace a definition with a reference to the definition in MCA; this is not expected to have any impact on small businesses.

The proposed amendment of ARM 42.9.203 replaces references to Schedule III with references to Schedule K-1, as Schedule III has been eliminated and the Schedule K-1 is used to calculate composite tax, as of tax year 2017. The changes to this section also correct references. There is expected to be no significant impacts to small businesses from the rule changes in this section.

The proposed amendment of ARM 42.9.301 makes a six-month extension automatic for S corporation returns, provided that any tax, penalty, and interest due is paid when the return is filed. Any impact to small businesses from this change would be beneficial, as businesses are allowed more flexibility with the due date on S corporation returns.

The proposed amendment of ARM 42.9.501 follows the passage of HB 42 from the 2017 legislative session. The department proposes updating language to reflect the new due date for filing a disregarded entity information report when the single member of a limited liability company is a partnership, as was changed in HB 42 to align with the federal filing deadline. Any impacts to small businesses from this change is a result of the passage of HB 42 and not the department's corresponding rule change.