

## Four Easy Steps to Complete Your Return

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*This booklet is designed to address the laws for the majority of tax filing situations. If you have a unique situation that is not addressed in the booklet, please refer to Title 15 of Montana law found at [mt.gov](http://mt.gov) or call us with your questions.*

### WHAT'S NEW?

#### Due Date Extended

The due date for filing a Montana income tax return is extended to April 17, 2018 because of the District of Columbia's observation of Emancipation Day on April 16. This is also the due date for any applicable payments normally owed April 15.

#### Penalties and Interest

**New Calculation for Late File Penalty** – Beginning with tax year 2017, the late file penalty is the greater of \$50, or 5% per month on the unpaid amount. The penalty is calculated from the original due date until it is paid and cannot exceed 25% of the taxpayer's tax liability.

The late file penalty will not be assessed if the return is filed by the due date (including extensions) and all tax, penalty and interest is paid on or before the date you file the return.

**New Calculation for Late Payment Penalty** – Beginning with tax year 2017, the rate for calculating the late payment penalty is reduced from 1.2% per month to 0.5% per month on taxes past due. The maximum amount of late payment penalty that may be assessed remains 12% of the tax past due.

**Interest Rate** – As of January 1, 2018, the interest rate assessed on outstanding balances is 4%.

Each year, the interest rate is based on the rate established by the Internal Revenue Service for the third quarter of the preceding year and is subject to change at the beginning of each calendar year.

**New Rules for Filing on Extension** – In previous years, a valid extension required a payment of 100% of the taxes owed in the previous year of 90% of the taxes due for the

current year by the original due date of the return, usually April 15. Beginning with tax year 2017, individual taxpayers are granted an automatic extension of time to file of up to six months. To avoid a late file penalty, any tax, applicable penalties and interest must be paid on or before the date the return is filed.

An extension to file the return is still not an extension to pay. Although it is not required to receive an extension, individuals may still pay any additional tax due (after accounting for estimated payments and withholding) by the original due date of the return to avoid applicable late payment penalty and interest.

#### Toll Free Number Removed

The Department of Revenue no longer offers a toll free number. If you need assistance, please call us at (406) 444-6900.

### STEP 1. PERSONAL INFORMATION

#### ► Are you ready?

- Gather any updated personal information.
- Gather any Forms W-2 and 1099 you received.

#### Heading

Print your name, mailing address and social security number in the spaces provided. If you are married, enter your spouse's name and social security number.

If either the primary taxpayer or the spouse died prior to filing this return, enter the date of death in the field next to his or her name. Include a copy of the federal Form 1310 unless you use filing status 2 (married filing jointly) on this return.

**Filing Status - (Mark only one box.)**

**Box 1 – Single**

You can claim this filing status if on December 31, 2017, you:

- were single,
- were legally separated according to your state law under a decree of divorce or separate maintenance, or
- were widowed before January 1, 2017, and you did not remarry in 2017.

If you are married, you cannot file separate Form 2EZ returns. Form 2EZ only permits a married couple to file a joint return. You have to file Form 2 if you and your spouse want to file separately.

**Box 2 – Married Filing Jointly**

You can claim this filing status if:

- you were married as of December 31, 2017, even if you did not live with your spouse at the end of 2017, or
- your spouse died in 2017 and you did not remarry in 2017, or
- you were married as of December 31, 2017, and your spouse died in 2018 before filing a 2017 tax return.

You and your spouse can file a joint tax return even though one of you has no income or deductions, but note that both spouses have to sign the tax return.

**✓ Did you...?**

- Make sure that you entered the correct social security number and it matches the number on your Form(s) W-2.
- List your mailing address.
- Mark a filing status box.

**STEP 2. INCOME, TAX AND AMOUNT DUE OR REFUND (LINES 3-21)**

**► Are you ready?**

- Fill out your 2017 federal tax return.
- Fill out the standard deduction worksheet on the back of Form 2EZ.
- Gather any Forms W-2 and 1099 you received that show tax withheld.

**Lines 3 through 5**

On lines 3 through 5, enter the amounts that you reported for these items on your federal individual income tax return, Form 1040, 1040A or 1040EZ.

**Line 3 – Wages, salaries, tips, etc.**

Enter the same amount that you reported on your federal tax return. If you had **military or tribal income** that you claim is exempt from Montana income tax, you cannot use this form and will instead need to file Form 2.

**Line 6 – Calculate Your Federal Income**

Add lines 3 through 5 and enter the result here. This is your federal adjusted gross income that should match your federal tax return.

**Line 7 – Exempt Unemployment Compensation**

If you have received unemployment benefits from Montana or from another state, these benefits are exempt from Montana tax. Enter the same amount that you put on line 5.

**Line 8 – Exemption for Certain Taxed Tips and Gratuities**

You can subtract any tips and gratuities that you received from customers while you worked in the food, beverage or lodging industry. These tips and gratuities are included in the amount on line 3 above. All other tips and gratuities that you received for providing services in other kinds of businesses—such as hair stylists, paper carriers and river guides—are not excluded and must not be included on this line.

**Line 9 – Total Subtractions**

Add lines 7 and 8; enter the result. This is your total subtractions.

**Line 10 – Montana Adjusted Gross Income**

Subtract line 9 from line 6 and enter the result on line 10. This is your Montana adjusted gross income.

**Line 11 – Standard Deduction**

To calculate your standard deduction, complete the worksheet on the back of this form and enter the result.

**Line 12 – Exemption Amount**

If you marked box "1. Single" at the top of this form, enter \$2,400. If you marked box "2. Married filing jointly," enter \$4,800.

**Line 13 – Total Deductions and Exemptions**

Add lines 11 and 12; enter the result. This is your total deductions and exemptions.

**Line 14 – Montana Taxable Income**

Subtract line 13 from line 10 and enter the result. If the result is less than zero, enter zero. This is your Montana taxable income.

**Tax Computation**

**Line 15 – Total Tax Liability**

Use the following table and worksheet to calculate your tax. The tax table is also on the back of this form.

2017 Montana Individual Income Tax Table				
If Your Taxable Income Is More Than	But Not More Than	A	B	This Is Your Tax
		Multiply Your Taxable Income By	And Subtract	
\$0	\$2,900	1% (0.010)	\$0	
\$2,900	\$5,200	2% (0.020)	\$29	
\$5,200	\$7,900	3% (0.030)	\$81	

\$7,900	\$10,600	4% (0.040)	\$160	
\$10,600	\$13,600	5% (0.050)	\$266	
\$13,600	\$17,600	6% (0.060)	\$402	
More Than \$17,600		6.9% (0.069)	\$560	

**Worksheet**

Taxable income from line 14 ..... 1 \_\_\_\_\_  
 Applicable tax rate from column A ..... 2 \_\_\_\_\_  
 Multiply amount on line 1 by rate on line 2 ..... 3 \_\_\_\_\_  
 Amount from column B to be subtracted ..... 4 \_\_\_\_\_  
**Tax Liability.** Subtract the amount on line 4 from the amount on line 3. Enter the result here and on line 15 ..... 5 \_\_\_\_\_

**Line 16 – Total Payments**

Enter the amount of the Montana income tax withheld from your income. This amount is reported in Box 17 of your federal Form W-2, given to you by your employer. If you fill out this line, include a copy of your Form W-2 with this return. If you file electronically, you do not need to send us your Form W-2. You only need to keep a copy in your records.

Add any payment of estimated tax you may have made which is not included in your federal Form W-2. However, if you made such payment, Form 2 is a better option for you.

Montana mineral royalty tax withheld, or income tax withheld as a result of an ownership interest in a pass-through entity, cannot be reported on line 16. If you had this type of tax withheld, you cannot file Form 2EZ and should instead file Form 2.

**Line 17 – Late File Penalty, Late Payment Penalty and Interest**

• **Late File Penalty**

If you file before October 15, 2018, and all tax, applicable penalties (excluding late pay penalty) and interest are paid by the time you file your return, you do not owe late file penalty. This is also true if you are claiming a refund on your return.

If you file before October 15, 2018, and all tax, applicable penalties (excluding late pay penalty) and interest are not paid by the time you file your return, or if you file after October 15, 2018, you must include the late file penalty on line 17. To calculate your late file penalty, use the following table. To determine the number of months you are late, a part of a calendar month counts as one month.

1	Subtract Form 2EZ line 16 from Form 2EZ line 15.	
2	Multiply line 1 by 5%.	
3	Multiply line 2 by the number of months you are late, but not more than 5.	
4	Enter line 3 or \$50 whichever is greater. <b>This is your late file penalty.</b>	

• **Late Payment Penalty**

The late payment penalty is equal to 0.5% per month, calculated daily, on the unpaid amount from April 17, 2018, until it is paid. The daily rate is 0.0164%. Your late payment penalty will never exceed 12% (24 months x 0.5%) of the unpaid tax. Late pay penalty is automatically waived if you pay all the tax and interest with your return, or within 30 days of the first notice from the department.

• **Interest**

If you have not paid 100% of your income tax liability by April 17, 2018, you will have to pay 4% annual interest, computed daily, on the amount you still owe. To calculate your interest, subtract line 16 from line 15 and then multiply this amount by 0.01096% (0.0001096) times the number of days after April 17, 2018, that your tax is paid.

If you owe more than one of the items listed for line 17, enter each amount you owe on the following worksheet:

Type	Amount
Late file penalty	
Late payment penalty	
Interest	
Total	

Enter the total on line 17. (You may wish to keep this information as part of your records for future reference.)

**Line 18 – Montana Voluntary Check-Off Contribution Programs**

Per Montana law, you can use your tax return to donate any amount to the following programs. Your contribution will increase the amount you owe or reduce the amount of your refund.



**Line 18a – Nongame Wildlife Program**

Your contributions to this program are used to ensure the well-being of Montana's watchable wildlife species, such as eagles, herons, bluebirds, great horned owls, loons, chipmunks, pikas, flying squirrels and painted turtles.



**Line 18b – Child Abuse Prevention Program**

Your contributions to this program fund services and activities related to the prevention of child abuse and neglect.



### Line 18c – Agriculture Literacy in Montana Schools Program

Your contributions to this program fund the development and presentation of educational programs. This program ensures Montana's young people have a better understanding of agriculture in our state and how it relates to the rest of the world.



### Line 18d – Montana Military Family Relief Fund

Your contributions to this program help provide funding for grants that aid Montana families in defraying the costs of food, housing, utilities, medical services and other expenses when a wage earner has been called to active military duty.

## STEP 3. AMOUNT YOU OWE OR YOUR REFUND

### ► Are you ready?

- Gather the routing and account number of your checking or savings account if you will be receiving a refund and would like the money to be direct deposited.

### Line 20 – Amount You Owe

If line 19 is greater than line 16, enter the difference. This is the amount you owe.

You can pay the amount you owe by:

- Electronic funds withdrawal when e-filing your joint federal/state tax return. You can schedule your withdrawal for a later date.
- E-check or credit card—visit [revenue.mt.gov](http://revenue.mt.gov) and click on TransAction Portal (TAP) or Income Tax Express (ITE) e-payment services.
- Personal check, money order or cashier's check—use the voucher provided with this income tax booklet. Make your check payable to the Montana Department of Revenue. Sign your check, and write your social security number and "Tax Year 2017" on the memo line.  
Note: We may need to adjust your payment if it is not in U.S. funds.

If you cannot pay the entire amount that you owe with your tax return, we encourage you to file your tax return on time and pay as much as you can. By filing and paying as much as you can by April 17, 2018, you can reduce the amount of your late file penalty, late payment penalty and interest. If you need to establish a payment plan, call us at (406) 444-6900 as soon as possible to discuss payment options and make arrangements.

### Line 21 – Your Refund

If line 16 is greater than line 19, enter the difference. This is your refund.

If you would like to use direct deposit, enter your financial institution's routing number (RTN#) and your account number (ACCT#) in the space provided. Your routing number is nine digits and your account number can be up to 17 characters, including numbers and letters. Mark whether your account is a checking or savings account and if your refund will go to a bank outside of the United States and its territories (Midway Islands, Puerto Rico, American Samoa, U.S. Virgin Islands, Federated States of Micronesia, and Guam).

If your financial institution does not accept the direct deposit, we will mail you a refund check.

A sample of a personal check is provided for your reference.

### ✓ Did you...?

- Enter the amount of exempt unemployment income on line 7 if you report unemployment income on line 5.
- Use the tax table in the instructions for line 15 to calculate your tax. Multiply your income by the percentage in column A and then subtract the amount in column B.
- Check your return to ensure you have no mathematical errors.
- Make sure that your refund or amount due is reported on the correct line.

## STEP 4. SIGN, ASSEMBLE AND FILE YOUR RETURN

### Sign Your Return

Your tax return is not complete unless you sign it. If you are filing a joint return, your spouse must also sign. Unsigned or incomplete returns cannot be processed and require us to contact you for additional information. If you have someone prepare your return, you are still responsible for the correctness of the return. If you file a joint return as a surviving spouse, see FAQ 20 on page 9.

### Electronic Return Signatures

If you are filing your return electronically, you do not have to actually sign your return. The act of filing your return electronically signifies your declaration, under the penalty of false swearing, that:

- You are the taxpayer identified in the return; and



- The information in the return is true, correct and complete.

Your filing electronically, with this declaration, is your signature.

### Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return and if you are able to answer our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

### Paid Preparer

Anyone you pay to prepare your return must sign it and include his or her Preparer Tax Identification Number (PTIN) in the space provided. Preparers should have a PTIN, but the preparer's Social Security Number (SSN) may be used when the paid preparer does not have a PTIN. The paid preparer must also include his or her firm's Federal Employer Identification Number (FEIN), if applicable. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return or include their PTIN or SSN.

### Third Party Designee

If you want to allow your preparer, friend, family member, or any other person you choose to discuss your 2017 tax return with the department, mark the "Yes" box in the bottom of the signature block. You also need to enter your designee's printed name and phone number. If you are filing a joint return, you are automatically authorizing us to discuss the joint return with you or your spouse, but you still need to complete the third party designee section if you wish to allow another person, such as a tax preparer, to discuss your return with us.

If you do not complete the third party designee section according to these instructions, we cannot discuss your return with another person. By completing this section, you are authorizing the designee to:

- Give us any information that is missing from your return;
- Call us for information about the processing of your return or the status of your refund or payment(s); and
- Respond to notices from us about math errors, offsets and return preparation.

You are not authorizing the designee to discuss any other tax year, receive any refund check, bind you to anything or otherwise represent you before the Department. If you want to expand the designee's authorization, view information about granting someone power of attorney at [revenue.mt.gov](http://revenue.mt.gov).

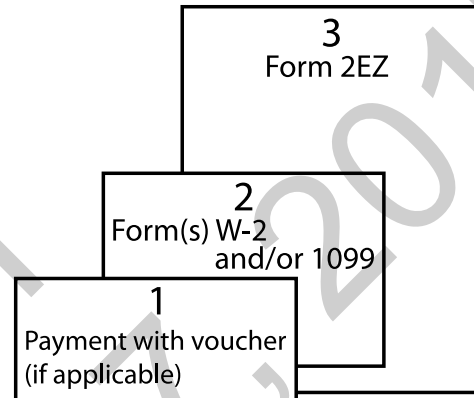
The authorization automatically ends no later than the due date (without regard to extensions) for filing your 2018 return. This is April 15, 2019, for most people.

For additional information, see FAQ [5](#) on page 7.

### Assemble Your Return

Include with your return all Forms W-2 and 1099 reporting Montana withholding you were issued. If you forget to send your Form(s) W-2 or other withholding forms with your return, do not send them separately or with another copy of your tax return. Wait until we request them from you.

If you are filing your return on paper, you must include any applicable federal forms and schedules we requested on the return. You do not need to provide us with your entire federal return when you file your Montana return. However, you should retain your federal return in your tax records and be able to provide it to us upon request. Assemble your return, without using staples, in the following order:



Please Do Not Use Staples

### File Your Return

We encourage you to e-file your tax return. To see your e-filing options, see FAQ [7](#) on page 8 or visit [revenue.mt.gov](http://revenue.mt.gov). If you choose to file your return on paper, you need to mail your return to us.

If your tax return does not include a payment or shows you are due a refund, mail your tax return to the following address:



Montana Department of Revenue  
PO Box 6577  
Helena, MT 59604-6577

If you are filing a tax return that includes a payment, mail your tax return and check to:



Montana Department of Revenue  
PO Box 6308  
Helena, MT 59604-6308

### ✓ Did you...?

- Receive a confirmation that your Montana return was accepted, if you are filing electronically.
- Sign your tax return, if you are filing on paper.
- Fill out the third party designee section, if you want to allow someone else to discuss your return with us.

## FAQS—FREQUENTLY ASKED QUESTIONS

The answers to these questions are identified by number on pages 6-10.

### Filing Requirements

- 1 Do I have to file a Montana individual income tax return?
- 2 I have to file a Montana individual income tax return. Which form is appropriate for my situation?
- 3 How do I know whether I am a full-year resident, nonresident, or a part-year resident of Montana for individual income tax purposes?
- 4 When do I have to file my Montana tax return?
- 5 What does the checkbox that asks “Do you want to allow another person (such as a paid preparer) to discuss this return with us?” mean?
- 6 If I choose to file a paper return, where do I mail it?

### Electronic Filing and Payment Options

- 7 What options do I have to file my Montana tax return electronically?
- 8 If I file my return electronically, what information do I have to send in and what documents do I have to keep?
- 9 What options do I have to pay my Montana taxes electronically?

### Late Filed Returns

- 10 What happens if I do not file my Montana tax return on time?
- 11 What if I need more time to file my Montana tax return?

### Amended Returns

- 12 What do I do if I made an error on my income tax return and I now want to correct it?
- 13 I filed an amended federal tax return with the Internal Revenue Service, or the Internal Revenue Service adjusted my federal tax return. Do I have to report this change to Montana? If so, how do I report this change?

### Penalty and Interest

- 14 What happens if my payment is late?
- 15 What is the interest rate on unpaid taxes?

### Refund Information

- 16 How can I check on my refund?

### Special Situations

- 17 I am on active duty in the regular armed forces and currently serving in an area designated as a “combat zone” or “contingency operations.” I am unable to file my Montana tax return by April 17, 2018. Can I (and my spouse) obtain an extension to file my 2017 Montana tax return?

- 18 My spouse has a past-due child support obligation and I don't want my refund to be applied to this debt. What can I do?
- 19 A mental or physical disability prevents me from completing and filing a tax return. What can I do?
- 20 How do I file for a deceased person?
- 21 I have heard that special rules apply to wages that Montana residents earn in North Dakota, or North Dakota residents earn in Montana. What are those rules?
  - I am a Montana resident. How do those rules apply to me?
  - I am a North Dakota resident. How do those rules apply to me?

### Tax Records

- 22 What should I do if I did not receive a Form W-2, wage and tax statement, from my employer or I misplaced it?
- 23 How long do I need to maintain my tax records after I have filed my state tax return?

### 1 Do I have to file a Montana individual income tax return?

If you are a resident, nonresident, or part-year resident, you have to file a Montana individual income tax return when you have Montana source income and your federal gross income, excluding unemployment compensation, is equal to or greater than the following threshold for your filing status.

IF your filing status is...	AND at the end of 2017 you were...	THEN you have to file a tax return if your federal gross income, excluding unemployment compensation was at least...
Single, or married filing separately	Under 65	\$4,510
	65 or older	\$6,910
Head of household	Under 65	\$9,020
	65 or older	\$11,420
Married filing jointly with your spouse	Both under 65	\$9,020
	One spouse 65 or older	\$11,420
	Both spouses 65 or older	\$13,820

*You are entitled to an additional exemption if you are blind or your spouse is blind. Increase your federal gross income by \$2,400 to determine if you are required to file.*

**2 I have to file a Montana individual income tax return. Which form is appropriate for my situation?**

To use **Montana Form 2EZ**, you should be able to answer yes to **all** of the following:

- I was a Montana resident for all of 2017.
- I am filing as a single person or as a married person filing a joint tax return.
- My spouse and I were under 65 and not blind at the end of 2017.
- I am not claiming any dependents.
- My only income is from wages, interest, dividends or unemployment compensation.
- I am claiming the standard deduction rather than itemizing deductions.
- I am not claiming any credits.
- I did not have any military or tribal income that is exempt from income tax.
- I am not claiming any tax withheld from mineral royalty payments or pass-through income from Montana Schedule K-1.
- I am not claiming any subtraction such as deposits in accounts regulated by the Montana Medical Care Savings Account Act, the Family Education Savings Act, the Montana First-Time Home Buyer Savings Account Act or the Achieving a Better Life Experience Act.

**If you answer NO to at least one of these questions you must file a Form 2.**

**3 How do I know whether I am a full-year resident, nonresident, or a part-year resident of Montana for individual income tax purposes?**

You are a resident of Montana for individual income tax purposes if you live in Montana or if you maintain a permanent home in Montana. A permanent home in Montana means a dwelling place you habitually use as your home, whether or not you own it and whether or not you may someday leave. You do not lose your Montana residency if you leave the state temporarily with the intention of returning. Your Montana residency is lost when you move outside of Montana with no intention of returning. Unless there is a specific exception under Montana law, if you establish Montana residency for any other purpose, you are considered a Montana resident for income tax purposes.

You are a full-year nonresident of Montana if you were not a resident for whole tax year.

You are a part-year resident of Montana if you moved to or from Montana during the tax year with the intention of establishing a permanent residence in your new state.

A nonresident or part-year resident who is required to file a Montana tax return needs to use Form 2.

**4 When do I have to file my Montana tax return?**

You must file your 2017 Form 2EZ tax return by April 17, 2018. If filing after April 17, 2018, see FAQs **10** and **11**.

**5 What does the checkbox that asks “Do you want to allow another person (such as a paid preparer) to discuss this return with us?” mean?**

If you mark the “Yes” box, we can discuss any concerns that we might have about your 2017 tax return—for example, a missing W-2—with a third party designee. If you mark the “No” box or do not mark a box, we cannot discuss your return with anyone but you or someone to whom you have given a power of attorney that allows us to discuss the return with them.

If you and your spouse are filing a joint return or separately on the same form, and the “Yes” box is marked, each of you is authorizing us to call the third party designee to answer any questions that arise while we are processing your 2017 tax return.

By marking yes, you are also authorizing us to:

- Request that the third party designee give us any information that is missing from your return.
- Respond to the third party designee’s call to us for information about the processing of your return or the status of your refund or 2017 payment(s).
- Discuss certain notices from us about math errors, offsets and return preparation. Note: The department will only send notices directly to you, not to the third party designee.

You are not authorizing the third party designee to receive any refund check, bind you to anything (including any additional tax liability), receive any information about any other tax year or tax matter, or otherwise represent you before the department.

Please be aware that you cannot revoke this authorization. The authorization will, however, automatically end no later than the due date, without regard to extensions, for filing your next year’s (2018) tax return. This is April 15, 2019, for most people.

If you want to expand or change the third party designee’s authorization (for example, to verify any estimated payments you’ll be making in the future), use Form POA, Power of Attorney, Authorization to Disclose Tax Information. Form POA is available at [revenue.mt.gov](http://revenue.mt.gov). or you can submit a POA electronically through TransAction Portal (TAP) at <https://tap.dor.mt.gov>.

**6 If I choose to file a paper return, where do I mail it?**

We have two different mailing addresses for your paper return, if you choose not to file electronically. We do this so that if you are asking for a refund, we can get your refund processed and to you more quickly and efficiently.

If you are filing a tax return that includes no payment or if you are due a refund, mail your tax return to:



Montana Department of Revenue  
PO Box 6577  
Helena, MT 59604-6577

If you are filing a tax return that includes a payment, mail your tax return and check to:



Montana Department of Revenue  
PO Box 6308  
Helena, MT 59604-6308

## 7 What options do I have to file my Montana tax return electronically?

- File by using one of the free electronic filing options listed on *MontanaFreeFile.org* or *IRS.gov*.
- File both your Montana and federal tax returns at the same time through the federal/state electronic filing either online or with software you download (options may be free or low-cost). You can find additional information at *www.irs.gov* or at *revenue.mt.gov*. You can also find a list of approved e-file software products for Montana filing on our website.
- File through a tax professional who is an Authorized IRS E-file Provider.

## 8 If I file my return electronically, what information do I have to send in and what documents do I have to keep?

If you file electronically, you don't have to mail a paper copy of your tax return, any accompanying federal Forms W-2 or 1099, or any other Montana supplemental forms. When you file your tax return electronically, you represent that you have kept all the documents required as your tax record and that you will provide copies of these if we ask for them. You also don't have to sign a copy of your tax return and submit it to us. The act of completing and filing your tax return electronically is considered your authorized signature.

## 9 What options do I have to pay my Montana taxes electronically?

You can pay your Montana taxes electronically by using any of the following methods:

- Electronic funds withdrawal when e-filing your joint federal/state tax return. You can schedule a withdrawal for a date later than when you file your return. (There is no fee for an electronic funds withdrawal.)
- E-checks (There is no fee for an e-check payment.)
- Credit/debit cards (There is a small fee for a credit card payment.)

To pay your Montana taxes electronically by e-check or using a credit/debit card, visit *revenue.mt.gov* and click on TransAction Portal (TAP) or Income Tax Express (ITE) e-payment services.

## 10 What happens if I do not file my Montana tax return on time?

Your return is considered late if you file after October 15, or if you file before October 15 without paying all tax, interest and applicable penalties due on or before you file your return. If you file your tax return, you need to pay a late file penalty of \$50, or 5% of the tax due for each month or partial month the return is late, not to exceed 25% of the tax due, whichever is greater.

You do not owe a late file penalty if you file a late tax return for which you are receiving a refund before October 15. If you file a return claiming a refund after October 15, your refund will be reduced by the amount of late file penalty you owe.

## 11 What if I need more time to file my Montana tax return?

You are granted an automatic extension of time of up to six months for filing your Montana income tax return if you pay any tax, interest and applicable penalties due on or before the date the return is filed.

## 12 What do I do if I made an error on my tax return and I now want to correct it?

If you discover that your tax return was incorrect, you have three years from the due date of the original tax return to file an amended Montana tax return to correct the mistake. Mark the "Amended Return" box found in the upper left-hand corner of the Montana tax return.

Include an explanation of the reasons why you amended your return and copies of any schedules submitted with the original filing, even if none of the amounts previously reported have changed.

**Important**

If you file an amended tax return that shows you owe an increased amount of taxes, you may have the late payment penalty waived. To receive the waiver, simply mark the "Amended Return" box on the top left-hand corner of the tax return and pay the tax and applicable interest in full when you file the amended return. By marking this box and paying all tax and interest, you are treated as having requested a waiver of the late payment penalty.

## 13 I filed an amended federal tax return with the Internal Revenue Service, or the Internal Revenue Service has adjusted my federal tax return. Do I have to report this change to Montana? If so, how do I report this change?

Yes, you have to report the change to Montana. Within 90 days after you receive notification that the Internal Revenue Service changed or corrected your federal taxable income, or 90 days after you change your federal taxable income by filing an amended federal return, you have to file an amended Montana tax return. If you do not file an amended Montana return within that 90 days, we have three years to adjust your Montana tax return to reflect the changes made



on your federal tax return or make any other assessments of additional tax.

#### **14 What happens if my payment is late?**

If you do not pay all of your tax on or before April 17, 2018, you need to pay a late payment penalty. This penalty is 0.5% per month or fraction of a calendar month on the unpaid tax. This penalty cannot exceed 12% of the tax due.

If you do not pay your taxes by April 17, 2018, we will charge you interest at a rate of 4% per year, accrued daily. If you can't pay your tax in full, you should file your tax return by the due date and pay as much as you can with your tax return. If you wish to set up a payment plan, call us at (406) 444-6900 as soon as possible to discuss payment options and make arrangements to pay.

Whether you just pay your tax late or are making a payment as part of a payment plan you established with us, be sure to include your name, social security number and the tax year for which the payment is to be applied clearly on your payment. If you intend to have one payment applied to more than one social security number or tax year, include a statement with your payment that tells us how you want us to apply your payment.

#### **15 What is the interest rate on unpaid taxes?**

The current interest rate is 4%, and it will remain unchanged through December 31, 2018. Under Montana law, the interest rate for all unpaid individual income taxes depends on the rate set by the Internal Revenue Service and may fluctuate each year.

#### **16 How can I check on my refund?**

You can check the status of a refund you are expecting by visiting [revenue.mt.gov](http://revenue.mt.gov) and going to the "Where's My Refund?" link. You can also check the status of your refund by calling us at (406) 444-6900. We will be able to tell you the status of your refund once it is processed and in our computer system.

Whether you are checking the status of your refund online or by phone, you need to provide the following information:

- The social security number of the first taxpayer's name on your tax return; and
- The amount of the refund requested as shown on your tax return.

#### **17 I am on active duty in the regular armed forces and currently serving in an area designated as a "combat zone" or "contingency operations." I am unable to file my 2017 Montana tax return by April 17, 2018. Can I (and my spouse) obtain an extension to file?**

Yes, you can. Montana law follows federal law with respect to the time allowed for filing a return. Therefore, the extension of time to file your Montana tax return is the same for filing your federal tax return. If you are serving in a combat zone or in a contingency operation, you (and/or your spouse) can extend the filing of your Montana

tax return for up to 180 days after your last day in a combat zone.

If you file your tax return under this provision, clearly write on the top of Montana Form 2EZ, using red ink, "combat zone or contingency operations extension," and file your tax return within 180 days after your last day in a combat zone. If you file within the 180 days, you are not assessed any penalties or interest.

#### **18 My spouse has a past-due child support obligation and I don't want my refund to be applied to this debt. What can I do?**

If you do not want your refund to be applied toward your spouse's child support obligation, file your Montana tax return using Form 2 and filing status 3b, which is "married filing separate tax returns on separate forms." When using this filing status, each spouse claims his or her own income, losses, deductions, expenses, exemptions and credits, and your Montana refund would not be offset by your spouse's child support debt.

If you filed a joint return with your spouse and your refund was applied to your spouse's child support debt, you may be considered an "injured spouse" and we can help you resolve the matter. You need to contact us within 30 days after receiving notice that your refund was applied to your spouse's child support debt. If necessary, we can help you file the correct tax return(s).

#### **19 A mental or physical disability prevents me from completing and filing a tax return. What can I do?**

If you have a requirement to file but are unable to complete and file a tax return because of a mental or physical disability, your authorized agent, guardian or person responsible for your care and property can prepare your tax return.

#### **20 How do I file for a deceased person?**

If you are responsible for the financial affairs of a deceased person, you have to file a tax return for that person if his or her income exceeds the minimum filing requirements found in FAQ 1. If you and the deceased person were married, you can file a joint tax return. If you are filing a joint return and you are the surviving spouse, that is all that is required. All other filers requesting the deceased taxpayer's refund must file the return and include a federal Form 1310 as well as any court documents appointing you as the personal representative.

This tax return has to include the income of that deceased spouse from the beginning of the year to the date of death in addition to the income of the surviving spouse for the entire year. Income of the deceased person received after the date of death should not be included on an individual tax return. Post-death income is reported on a fiduciary income tax return for a trust or estate, Montana Form FID-3.

**21 I have heard that special rules apply to wages that Montana residents earn in North Dakota, or North Dakota residents earn in Montana. What are those rules?**

Montana and North Dakota have a reciprocal agreement. If a Montana resident performs personal or professional services for an employer in North Dakota, the wages are treated as being earned in Montana and the Montana resident does not have to file a North Dakota income tax return reporting those wages. If a North Dakota resident performed personal or professional services for an employer in Montana, the wages are treated as being earned in North Dakota and the North Dakota resident does not have to file a Montana income tax return reporting those wages. The agreement also covers withholding taxes. Withholding is not required on wages treated as earned in the other state. The Montana-North Dakota agreement applies only to wages; other types of income, such as the self-employment income of an independent contractor or mineral royalties, are not included.

**• I am a Montana resident. How do those rules apply to me?**

You should report all of your wages on your Montana return—you are not required to file a North Dakota income tax return (unless your employer withheld North Dakota taxes on wages covered by the agreement and you need to file a North Dakota return to get a refund of those taxes). You can also claim an exemption from future North Dakota withholding by completing North Dakota Form NDW-R and giving it to your North Dakota employer. You can get this form from your employer, by visiting North Dakota's website at [nd.gov/tax](http://nd.gov/tax) or by writing to Office of State Tax Commissioner, State Capitol, Bismarck, ND 58505.

**• I am a North Dakota resident. How do those rules apply to me?**

You should report all of your wages on your North Dakota return—you are not required to file a Montana income tax return (unless your employer withheld Montana taxes on wages covered by the agreement and you need to file a Montana return to get a refund of those taxes). If you have to file a Montana return to get a refund, complete Form 2, following the instructions for filing under the reciprocal agreement, and file by April 17, 2018. File as a nonresident and do not report the wages that you earned in Montana as "Montana source income."

You can also claim an exemption from future Montana withholding by completing Montana Form MT-R annually. File a copy with your employer by February 28 of the calendar year for which you want it to apply, or within 30 days after you begin working or change your permanent residence. You can get this form from your employer, by visiting [revenue.mt.gov](http://revenue.mt.gov), or by writing to Montana Department of Revenue, PO Box 5805, Helena, MT 59604-5805.

**22 What should I do if I did not receive a Form W-2, wage and tax statement, from my employer or I misplaced it?**

Your employer is required to issue a Form W-2 by January 31 if you earned wages during the previous calendar year. If you haven't received your Form W-2 by that date or you misplaced it, ask your employer to reissue it. You may also obtain this information by completing a Request for Copies of Tax Information (Form RTI) and submitting it to us in person, by fax or by mail. You can obtain this form at [revenue.mt.gov](http://revenue.mt.gov) or by calling us at (406) 444-6900.

You still must file your tax return on time even if you do not receive your Form W-2. If you do not receive the missing information in time to file, you may complete federal Form 4852, Substitute for Form W-2, Wage and Tax Statement. Include Form 4852 with the return, estimating income and withholding taxes as accurately as possible. There may be a delay in any refund due while the information is verified. Keep a copy of the completed Form 4852 for your records. If you receive a Form W-2 or W-2C (corrected form) after you filed your return using Form 4852 and the information differs from what you reported on your return, you must amend your Montana individual income tax return.

**23 How long do I need to maintain my tax records after I file my state tax return?**

Depending on the tax year, you should keep all tax records for at least three or five years from the date that you filed your Montana tax return. The Montana statute of limitations for individuals is five years for tax periods beginning before January 1, 2015, and three years for periods beginning on or after that date. You should keep property records and carryover information even longer.

DRAFT  
September 27, 2017