



Montana Department of Revenue  
**MONTANA TAX NEWS YOU CAN USE**

## Thank you from Dan Bucks, Director of Montana Department of Revenue

As I step away from the director position at the Montana Department of Revenue, I would like to again thank you for the essential role you play in the tax system. During the last eight years that I have served as director, the department has been committed to a tax system that ensures taxes are equitably administered. So I believe in thanking those taxpayers who pay their correct share of taxes under the law. I am grateful to the tax preparers who help them do that.

I've spent the past 40 years in public service, and my time as Revenue Director has been most rewarding. I am proud of a department that succeeds at serving the public effectively and transparently, with clear and understandable communications. *Montana Tax News You Can Use* is just one way to inform and update those of you who assist people in filing taxes.

I wish you a happy New Year and productive tax season.

## What the American Taxpayer Relief Act means to Montana

The U.S. Congress passed a tax bill late on New Year's Day that contains a number of provisions that may interest tax preparers in Montana.

There were concerns that, had Congress not acted, the federal tax filing season would be delayed into March. We await word from the IRS as to the extent of any delays now that Congress has acted. We expect that any delays in the tax season, if there are any, will be relatively short. We hope to have more information for you in next week's edition of *Tax News You Can Use*.

Beginning with the 2013 tax year, the term-limited federal individual income tax rate reductions established in 2001 and 2003 are made permanent for everyone, except for individuals with an annual income exceeding \$400,000, for heads of households with an income exceeding \$425,000 and for married taxpayers with an income exceeding \$450,000. The federal rate for taxpayers with those levels of income will increase from 35 percent to 39.6 percent.

In 2011, 2,006 households in Montana reported incomes above the \$400,000/\$450,000 thresholds. That means that the increase in federal income tax rates will affect only 0.46 percent of all households in the state.

A number of deductions were extended through 2013. Those deductions—which the 2012 Montana tax booklet refers to as "caution" because congressional tax provision talks had yet to be concluded at the time

## Vendor update

Every year tax software vendors, such as Turbo Tax, seek approval to participate in the Montana federal/state electronic filing program. The software of each vendor is currently being tested to ensure that it is compatible with the Montana Department of Revenue's electronic filing system. You can find the latest approval status of each product on our [website](#).

The department updates this page every Friday showing vendor approval status. For more information, email [dore-services@mt.gov](mailto:dore-services@mt.gov).

## Target tax dates

### Vouchers

- Withholding voucher payment booklets have been mailed.
- Estimated tax payment voucher booklets will be mailed after January 15, 2013.

### Booklets/forms

- Forms 2EC have been mailed.
- The MW-3 and RW-3 have been posted on our website.
- We will finish mailing income tax booklets by January 7.
- Tax forms will be posted on the website by January 14, 2013.
- The due date for the final 2012 individual

of printing—include:

- Expenses of elementary and secondary school teachers
- The above-the-line deduction for qualified tuition and related expenses
- The treatment of mortgage insurance premiums as qualified residence interest
- The option to deduct state and local general sales taxes

Beginning in 2013, the act officially revives the "Pease" limitation on itemized deductions. However, higher applicable threshold levels apply under the new law, including:

- \$300,000 for married couples and surviving spouses
- \$275,000 for head of households
- \$250,000 for unmarried taxpayers
- \$150,000 for married taxpayers filing separately

This limitation also applies to Montana itemized deductions, based on Montana adjusted gross income.

Estates will be taxed at a top rate of 40 percent, with the first \$5 million in value exempted for individual estates and \$10 million exempted for family estates. However, the long-defunct state estate tax credit was not reinstated in the legislation.

The federal payroll tax holiday is scheduled to sunset. The measure was scheduled to end in 2013, and the legislation made no change to the schedule. That means payroll tax will increase by two percent.

If you have any questions about the preparation of Montana tax returns for tax year 2012 in relation to the American Taxpayer Relief Act, please contact our Call Center at 1-866-859-2254 (outside Helena) or at 444-6900 (inside Helena).

---

## Helpful links coming soon

Starting in next week's edition of *Montana Tax News You Can Use*, we'll provide links to web pages on the Department of Revenue website that should be helpful to tax preparers during the tax season. This section will include links to important web pages that have recently been updated.

---

## A quick way for taxpayers to find out if they can benefit from property tax assistance programs

In each of the Montana 2012 individual tax return instruction booklets is a yellow insert called "Save \$\$\$ on your property tax!" The insert informs taxpayers of

estimated tax payment is January 15.

- The deadline for completing and returning a livestock reporting form is February 15.
- The deadline for reporting business equipment is February 15.
- The deadline for associations and organizations to apply for a property tax exemption is March 1.
- The deadline for real property and mobile home owners to apply for the Property Tax Assistance Program is April 15.

---

## 2012 tax year information now available on our website

Our website has been updated for the 2012 tax year. The [Tax Preparers and Practitioners](#) webpage contains links to forms and other useful resources, as well as information related to popular topics, such as disclosure, employee business expenses and energy credits. The "News and Outreach" section on this webpage will be updated periodically with any new developments that you, as a preparer, should be aware of. We'll keep you abreast of any changes to the "News and Outreach" section in the "Helpful links" section of *Montana Tax News You Can Use*.

In addition, the [2012 Tax Year Information](#) webpage provides valuable information related to individual income tax such as frequently asked questions, exemption amounts and the 2012 tax table.

---

## Reminder from the Call Center: Don't forget to submit a power of attorney form

Please keep in mind that you will need to file a completed Power of Attorney (POA) Form with the Department of Revenue before we can discuss your client's confidential tax information with you. We will need the form before we can discuss statements of account and verify estimated tax payments your client has made, and also before you can make payment arrangements on your client's behalf.

Power of attorney should not be confused with third-party designee authorization. Third-party designee authorization gives you access to less information than if you had a power of attorney. It also automatically expires no later than the due date for next year's return (April 15, 2014).

Please go to our website for more information regarding the [Authorization to Disclose Tax Information](#).

---

## Contact us

Visit us online at [revenue.mt.gov](http://revenue.mt.gov) or call us toll-free at (866) 859-2254 (in Helena, 444-6900).

the eligibility criteria and benefits of the Property Tax Assistance Program (PTAP), the Disabled American Veteran Property Tax Program (DAV) and the Montana Elderly Homeowner-Renter Tax Credit (2EC). The insert directs taxpayers to either an online calculator or to their local property tax offices, where they can quickly estimate whether they would receive a greater benefit from applying for both the 2EC and PTAP or for just one of the programs.

To see a PDF of the yellow insert, [click here](#).

---

Follow us on



Montana Tax News You Can Use is published weekly during tax season and is for anyone who helps people file taxes and meet their tax responsibility. 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. To subscribe, please visit [www.revenue.mt.gov](http://www.revenue.mt.gov) and click on "sign me up."

We welcome your suggestions and ideas for articles, as well as your questions and comments. Please send them to [DORWritingProject@mt.gov](mailto:DORWritingProject@mt.gov).

Montana Department of Revenue | Tax News You Can Use

designed by [S. Mieske](#) and edited by [Ted Brewer](#)