

December 12, 2013



Montana Tax News You Can Use

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

New business equipment tax law takes effect

Beginning on January 1, 2014, a state law takes effect exempting tens of thousands of Montana businesses from paying business equipment tax.

Under Senate Bill 96, proposed by Sen. Bruce Tutvedt and passed during the 2013 Legislative Session, businesses that own less than \$100,000 worth of equipment will now be exempt from paying taxes on and reporting it. Businesses that own equipment with a total statewide aggregate market value more than \$100,000 will be exempt from paying taxes on the first \$100,000 in equipment value.

Senate Bill 96 also lowers the tax rate for businesses with between \$100,000 and \$6 million in equipment. Those businesses now pay a rate of 1.5%. At \$6 million, the tax rate increases to 3%.

This law completely eliminates the equipment tax for two-thirds of businesses currently paying the tax and lowers the tax for the remaining third. The total amount that Montana businesses save is more than \$11 million a year.

Under the current law that ends on December 31, businesses that owned less than \$20,000 in equipment did not have to pay the tax. Businesses that owned more than that were not exempt, having to pay taxes on all of their equipment. All businesses had to report their equipment, no matter the value.

The Montana businesses that are exempt from the tax have begun receiving letters from the department reminding them of the change.

Allocating payments on individual tax returns when using married filing separately status

When your clients file as married filing separately on the same form and make estimated payments, we allocate those payments as we receive them. Only estimated payments can be allocated, and we apply them to one spouse or another according to the voucher we receive or the comments written on the memo line of the check.

Please keep in mind that our computer system does not automatically reallocate based on the return, which means there may be instances when the payment allocation does not match the return allocation. In some situations, the department's staff will manually reallocate payments following the directions provided on the return as closely as possible. This may create a slight delay in processing the return. We therefore encourage your clients to determine how they want those payments allocated when making the payments and before filing.

If they are unsure how the payments were allocated, they should log into Taxpayer Access Point or contact the department before they file a return to verify that we have applied the estimated payments to the intended spouse.

Also, Montana income tax withheld, reported on line 55 of Form 2, must be reported by the spouse whose name appears on the Forms W-2 and 1099.

File Montana wage withholding online

On December 6, 2013, we mailed the Montana wage withholding forms (Form MW-3) to Montana employers. The mailing contains instructions on how to file Form MW-3, W2s and 1099s online. You can view those [wage withholding instructions](#) on our website.

Step-by-step instructions make it easy to access your employer tax account using [Taxpayer Access Point](#) (TAP). You can then file Form MW-3 in minutes. All payments made in the calendar year are populated--just validate payment entries and submit. You can send your W2s and 1099s to the department using [ePass Montana](#). Within ePass is a secure file transfer service (FTS) that allows you to send W2s and 1099s using your accounting software. It saves you time and money.

If you have any questions about electronically filing these forms or payments, please contact us toll-free at (866) 859-2254 or in Helena at 444-6900.

2013 Draft Income Tax Forms and Instructions

Drafts of the following Montana 2013 tax instructions and forms are available on our [website](#):

- Individual income (Forms 2, 2M and 2EZ)
- Pass-through (Forms CLT-4S and PR-1)
- Estate and Trust (Form FID-3)
- Corporation (Form CLT-4)

Look for the *What's New?* section on page 1 of the instructions for changes to the 2013 tax year forms and instructions. Please remember that drafted forms and instructions are subject to change.

Contact our Helena office for copies of tax information

We welcome the opportunity to assist your clients with income tax-related questions at our Missoula, Billings, Great Falls, Bozeman, Lewistown and Hamilton field offices. But if your clients need a copy of a previously filed Montana tax return or a Form W-2(s) filed by an employer, we encourage them to request that information from our Helena office, as we have a limited number of income tax auditors in the field offices. They first need to complete [Form RTI](#) (Request for Copies of Tax Information) and mail or fax the form to the address or number on the form along with a copy of their driver's license. We understand that they often need this information as soon as possible, so the Helena staff makes a point of processing those requests once we receive a completed Form RTI. We can, upon request, fax the tax information the same day we receive the form.

DOR tax specialist appearing at MSCPA events across the state

Various chapters of the Montana Society of Certified Public Accountants (MSCPA) will be hosting DOR tax specialist Brian Olsen at events across the state in December and January. He will discuss changes in state tax laws and rules, changes to forms, and changes in federal taxes and what impact they might have on Montana.

Here's the schedule:

December 19, 2 p.m. at Pepper's Bar & Grill in Billings. For more information, contact Russell Rice at 896-2409

or rrice@eidebailly.com.

January 2, 12 p.m. at the Double Tree hotel in Missoula. Contact Barbara Griffith at 541-8520 or barbara.griffith@iscs.com.

January 9, 12 p.m. at Metals Sports Bar in Butte. Contact Craig Tippett at ctippett@newlandpc.com.

January 14, 12 p.m. at the MSCPA office in Helena. Contact Jill Burger at jill@ghg-cpa.com.


Tax facts

For 2013, as of December 6...

- Total number of individual income tax returns we've processed: 546,238
- Number of individual tax returns we've received electronically: 444,446
- Number of business returns we've received electronically: 40,568
- Number of individual income tax refunds we've issued: 400,950
- Average amount of refunds: \$463.71
- Average number of days in which taxpayers have received a refund after filing an electronic return: 6
- Average number of days in which taxpayers have received a refund after filing a paper return: 31

Contact us

Visit us online at revenue.mt.gov or call us toll-free at (866) 859-2254 or in Helena at 444-6900.

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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 simply 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. To subscribe, please visit 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.