



Montana Tax News You Can Use

Montana residents working in North Dakota should exempt income rather than take credit

If you are preparing a return for a client who is a resident of Montana but worked in North Dakota, please keep in mind the reciprocity agreement between the two states. The agreement states, in general, that neither state will tax residents of the other state on certain income from personal services.

If your client had North Dakota taxes withheld on their wages, he or she will need to file a North Dakota tax return ([Form ND-1](#)) to get a refund of those taxes. The credit for taxes paid to another state should not be claimed on the Montana income tax return as a method of getting a refund for this withholding.

Your client can claim an exemption from future North Dakota withholding by completing North Dakota [Form NDW-R](#) and giving it to his or her employer.

Reminder from the Call Center: Where's my refund

Your clients can check on the status of their refunds by going to [Taxpayer Access Point \(TAP\)](#) and looking under Express Services for Individuals. They will need to type in their social security number and the amount of their refund. It can take up to eight weeks from the date a paper return is received in our office for the return to show up on our system. However, it normally takes fewer than five business days for an electronically filed return to show up.

Legislative update

During every legislative session in Montana, legislators sponsor bills that would have an impact on Montana's tax system. This regular section of Tax News You Can Use keeps you up-to-date on some of those bills currently making their way through the 2013 legislative session.

Three bills making their way through the state legislature -- **HB 393**, **SB282** and **HB532** -- would simplify Montana's tax code. All three would revise Montana's tax rate for married couples so it more closely relates to the federal rate and eliminates the incentive that compels married couples in Montana to file their federal returns jointly but their state returns separately. Currently, nearly all married couples in the U.S. file their federal returns

jointly, while fewer than half of all married couples in Montana file their state returns jointly. This happens because most Montana couples can pay less in state taxes if they file separately than if they file jointly.

HB393 would create a new set of tax brackets for married couples filing jointly, doubling the range of each rate in the existing brackets. That means that married couples filing jointly would reach the top 6.9 percent rate at \$32,000, no longer at \$16,000. Click [here](#) to read the bill.

SB282 would make several changes to our tax system, including:

- Allowing taxpayers to claim the same deductions on their Montana returns as they do on their federal returns
- Lowering corporation tax rate by a quarter of a percent
- Lowering the number of income tax rates from seven to two, so that taxpayers would pay four percent on their first \$15,600 and 5.9 percent on all additional taxable income
- Eliminating several tax exemptions and credits

Click [here](#) to read the bill.

HB532 would essentially do the same as SB282 except it would create a flat income tax rate of 5.5 percent and leave corporation tax rates the same as they are currently. It would also eliminate twice as many tax credits as SB 282 would. Click [here](#) to read the bill.

To track the progress of any 2013 bill, click [here](#).

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 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](#).

New POA form for taxpayers

Did you know we have an updated Power of Attorney (POA) form that is now similar to the IRS form? You can access it [here](#).

As with the IRS, we no longer allow spouses to file a joint POA. Each spouse now has to complete his or her own form.

Vendor update

Every year tax software vendors seek approval to participate in the Montana federal/state electronic filing program. You can view the current list of 2012 approved tax software products [here](#). Software vendors periodically update their software to help tax preparers avoid known filing errors and problems. Please remember to configure your tax software to automatically accept these updates.

For more information, email dore-services@mt.gov.

Target tax dates

- The deadline for Montana W-2s, 1099s, RW-3s and MW-3s is February 28.
- The deadline for associations and organizations to apply for a property tax exemption is March 1.
- Fourth quarter retail telecommunications excise tax is due on March 1.
- The deadline for real property and mobile home owners to apply for the Property Tax Assistance Program is April 15.

Tax facts

As of February 22, we received 121,780 individual tax returns and 3,505 business returns from folks filing electronically.

Contact us

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

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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 and click on "sign me up."

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