

March 13, 2014



Montana Tax News You Can Use

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

Filing requirements for disregarded entities

Disregarded entities are required to file returns in Montana unless the entity is a single member limited liability company (SMLLC) and its owner is a full-year resident (individual, estate or trust). As provided in ARM 42.9.501, the resident owner reports the activity of the SMLLC on his or her personal income tax return.

All other disregarded entities file a Montana Form DER-1 each year. The due date of the return depends upon the due date of the owner's return. For example, if the disregarded entity is owned by an S corporation, Form DER-1 is usually due on or before March 15. If the owner has an extension, the disregarded entity automatically has an extension as well. The [Form DER-1](#) is available on our website.

Disregarded entities are subject to the same pass-through withholding requirements that partnerships and S corporations are subject to under 15-30-3313, MCA. Beginning this year, the department has a separate payment voucher for disregarded entities. The [DER payment voucher](#) is also available on our website.

Filing extensions for partnership and S corporation returns

Approval of an extension to file a federal partnership or S corporation return automatically extends the time to file a Montana partnership ([Form PR-1](#)) or S corporation ([Form CLT-4S](#)) return to the date approved for filing the federal return. If the Montana return is on extension, make sure to mark the extension box on page 2 of the return. Please include a copy of the federal [Form 7004](#) with paper-filed partnership and S corporation returns.

The department does not require that preparers notify the department before the completed return is filed. If the extension

check box on page 2 is marked on the completed return, then the required notice has been provided to the department.

Requesting waiver of penalty and interest

If you would like to request a waiver of penalty and interest on tax due for any of your clients, please keep in mind these points:

- You must send the waiver request within 30 days of the first notice of adjustment. In most cases, this would be your first Statement of Account.
- The waiver must be in writing. If you like, you can use [Form APLS101F](#).
- You can send the waiver either by email to soaobjections@mt.gov or by mail to Montana Department of Revenue, PO Box 7149, Helena, MT 59604-7149.
- You need to establish reasonable cause for the waiver. Click [here](#) for more on reasonable cause.
- Reasonable cause for waiver of the *late payment penalty* automatically exists if you both 1) pay all tax and interest due and 2) send your request for waiver within 30 days of the date of the first notice of adjustment. If you meet both of these qualifications, please check the "request for waiver of late payment penalty (only)" box on Form APLS101F.

There is a \$100 limit per taxable period on the amount of interest that can be waived.

Checking the status of refunds

The Call Center has been receiving a number of calls from taxpayers wondering when they might get their refunds. Please let your clients know that they can check on the status of their refunds by going online to [Taxpayer Access Point \(TAP\)](#) and selecting *Where's My Refund?* Your clients will need their Social Security number and the amount of their refund on the 2013 tax return. They can find their refunds on:

- Line 74 of Form 2
- Line 65 of Form 2M
- Line 21 of Form 2EZ
- Line 13 of Form 2EC

Approved tax software for 2013

Every year tax software vendors seek approval to participate in the Montana federal/state electronic filing program. We test the software of each vendor to ensure that it's compatible with our electronic filing system. You can find the latest approval status of each product [here](#).

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

Target tax dates

March 15: The deadline for...

- filing Form CLT-4S, S Corporation Information and Composite Tax Return
- filing Form DER-1 for disregarded entities owned by S corporations

April 15: The deadline for...

- submitting an application for the Property Tax Assistance Program
- filing individual state income tax

Tax facts

For 2014, as of March 7...

- Total number of individual income tax returns we've processed: 201,973
- Number of individual tax returns we've received electronically: 191,784
- Number of business returns we've received electronically: 8,996
- Number of individual income tax refunds we've issued: 174,880
- Average amount of refunds: \$398.72
- Total amount of refunds: \$69,728,154
- Average number of days it's taken us to issue a refund after receiving an electronic return: 3.33
- Average number of days it's taken us to issue a refund after receiving a paper return: 20.8

- Number of fraudulent tax returns we've intercepted: 107
- Amount in fraudulent refunds we've prevented: \$188,537

Contact us

Visit us online at revenue.mt.gov, email us at DORCustomerAssistance@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 the [newsroom](#) page on our website and click on the "Tax News You Can Use" tab.

We welcome your suggestions and ideas for articles, as well as your questions and comments. Please send them to DORWritingProject@mt.gov.