

Montana Tax News You Can Use

Montana Department of Revenue

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

Take Advantage of the Composite Tax Election

A partnership or S corporation can file a composite tax return and pay a composite tax on behalf of an eligible participating owner. Eligible owners who decide to file the composite tax return do not have to file a Montana income tax return. You can find approved tax software products that support e-filing the Composite Tax Return on the Department of Revenue website under [Online Services > Tax & Payroll Software](#).

The composite tax is an election made by each eligible owner and may not be the right choice for everyone. Tax credits from Schedule II cannot be applied to the composite tax liability. Additionally, certain deductions are not included in the calculation of taxable income for composite tax purposes.

Use **Schedule IV (Montana composite income tax schedule)** to calculate tax for the owners that are eligible and choose to be included in a composite income tax return. If Schedule IV is included with the return, Schedule III should also reflect the owners that are included in the composite return. The checkbox in column E of Schedule III should be checked for each owner that is included on Schedule IV (even if no composite income tax is due). Report the composite tax due for each owner on Column F of Schedule III.

Form PT-STM: Discontinued After Tax Year 2015

Form PT-STM is an application for a waiver of the pass-through withholding requirement that pass-through entities must consider if they have a second-tier pass-through entity owner. The 2015 Montana Legislature passed a law eliminating this waiver for tax years beginning after December 31, 2015.

The deadline to file Form PT-STM for tax year 2015 has passed for annual filers. The form will remain available to fiscal filers through the end of the year and can be filed on the department's website through [Taxpayer Access Point \(TAP\)](#) or on paper with [Form PT-STM](#).

Beginning in tax year 2016, pass-through entities are required to withhold on behalf of their owners that are also pass-through entities. Multi-year waiver requests filed in preceding tax years will be void for tax year 2016.

The pass-through entity owner tax agreement, Form PT-AGR, will be expanded to include a new entity type, the domestic second-tier pass-through entity. A domestic second-tier pass-through entity is a pass-through entity whose interest is entirely held, either directly or indirectly, by one or more resident individuals.

Target Tax Dates

April 15 is the application deadline for the [Property Tax Assistance \(PTAP\)](#) and [Montana Disabled Veterans \(MDV\)](#) programs.

April 18 is the deadline for filing:

- Individual state income tax returns
- **e-File:** [Online Services](#)
- Estate and trust income tax returns ([Form FID-3](#))
- **e-File:** [Tax & Payroll Software](#)
- Partnership returns ([Form PR-1](#))
- **e-File:** [Tax & Payroll Software](#)
- Disregarded entity returns ([Form DER-1](#)) for entities owned by partnerships
- **e-File:** [Taxpayer Access Point \(TAP\)](#)

Approved Tax Software for Tax Year 2015

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 on the department's website under [Online Services > Tax & Payroll Software](#).

Be sure to change the settings in your tax software to accept automatic updates so that you're always using the most recent version.

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

Tax Facts

For 2016, as of March 24:

- Total number of individual income tax returns we've processed: 287,552
- Number of individual tax returns we've received electronically: 276,336
- Number of individual income tax refunds we've issued: 238,555
- Average amount of refunds: \$411
- Average days for e-filed refund: 2016 = 6.3 days; 2015 = 5.2 days
- Average days for paper-filed refund: 2016 = 20 days; 2015 = 18 days

As of March 25:

- Number of fraudulent tax returns we've intercepted: 231
- Amount of fraudulent refunds we've prevented: \$276,275

Administrative Rule Activity

Go to revenue.mt.gov/rules for information about the department's current rulemaking activity, public hearing dates, and to sign up to receive future notices by email.

Contact MT DOR

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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 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.

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