

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the adoption of New)	NOTICE OF ADOPTION,
Rules I through III, the amendment of)	AMENDMENT, TRANSFER AND
ARM 42.2.304, 42.2.503, 42.2.504,)	AMENDMENT, AND
42.2.505, 42.2.510, 42.2.511,)	REPEAL
42.3.102, 42.3.103, 42.3.115,)	
42.14.204, 42.15.315, 42.15.316,)	
42.30.103, and 42.30.107, the)	
transfer and amendment of ARM)	
42.3.105 and 42.3.107, and the)	
repeal of ARM 42.2.306, 42.15.320,)	
and 42.23.605 pertaining to the)	
application of penalties and interest)	
and reasonable cause; and also)	
pertaining to the timeframe for)	
appealing notices of assessment)	

TO: All Concerned Persons

1. On September 23, 2016, the Department of Revenue published MAR Notice No. 42-2-963 pertaining to the public hearing on the proposed adoption, amendment, transfer and amendment, and repeal of the above-stated rules at page 1668 of the 2016 Montana Administrative Register, Issue Number 18.

2. On October 13, 2016, a public hearing was held to consider the proposed adoption, amendment, transfer and amendment, and repeal. No members of the public appeared for the hearing and no written comments were received.

3. The department adopts New Rule I (42.2.508), New Rule II (42.2.507), and New Rule III (42.2.506), amends ARM 42.2.503, 42.2.504, 42.2.505, 42.2.510, 42.2.511, 42.3.102, 42.3.103, 42.3.115, 42.15.315, 42.15.316, 42.30.103, and 42.30.107, and repeals ARM 42.2.306, 42.15.320, and 42.23.605 as proposed.

4. The department transfers and amends ARM 42.3.105 and 42.3.107 as proposed, but with the following revisions to the destination rule numbers:

42.3.105 (42.2.506 42.2.512) REASONABLE CAUSE (1) through (8) remain as proposed.

42.3.107 (42.2.507 42.2.513) PROOF OF REASONABLE CAUSE OR LACK OF NEGLIGENCE (1) through (3) remain as proposed.

5. The department amends ARM 42.2.304 and 42.14.204 as proposed, but with the following changes to correspond with the destination rule number revisions in 4, new matter underlined, deleted matter interlined:

42.2.304 DEFINITIONS The terms used by the department are, in great part, defined in Titles 15, 16, 39, and 72, MCA. In addition to these statutory definitions, the following definitions apply to ARM Title 42, unless context of a particular chapter or rule provides otherwise:

(1) through (49) remain as proposed.

(50) "Reasonable cause" means the taxpayer exercised ordinary business care and prudence and was nevertheless unable to file the return, pay the tax within the prescribed time, or object to a department action as provided for in ARM 42.2.510. Examples of what does or does not constitute reasonable cause may be found in ARM ~~42.2.506~~ 42.2.512.

(51) through (63) remain as proposed.

42.14.204 PENALTIES AND INTEREST (1) Upon request, the late pay and late file penalty may be waived pursuant to ARM ~~42.2.506, 42.2.507~~ 42.2.512, 42.2.513, 42.3.101, 42.3.102, 42.3.103, 42.3.104, 42.3.106, 42.3.108, 42.3.109, 42.3.110, 42.3.111, 42.3.113, 42.3.115, and 42.3.120.

/s/ Laurie Logan
Laurie Logan
Rule Reviewer

/s/ Mike Kadas
Mike Kadas
Director of Revenue

Certified to the Secretary of State October 31, 2016.