

# Rev-A-News

*Our DOR is always open to you.*

## Compliance and Collection

### Pass-Through Entity Returns

The Department of Revenue is continuing our efforts to become more modern, efficient and customer-focused, with the goal of making it simpler and more convenient for taxpayers to do business with us.

The department will process the 2004 Montana S. corporation, partnership and disregarded entity information returns on our newly installed Integrated Revenue Information System (IRIS). With this transition to a new system, you will see several changes to the format and filing requirements of these forms.

- IRIS will allow the department to capture under one system and one account the composite tax and back-up withholding payments made by a pass-through entity for its nonresident, foreign C. corporation or second-tier pass-through entity owners.
- The various payments that may be required by the pass-through entity - such as the late file penalty, composite tax and back-up withholding - are now combined into one area of the information return. This allows the entity to issue one payment to the Department of Revenue to be distributed based on the character of the payment.
- IRIS eliminates the separate composite tax return (PT-CR1) and back-up withholding transmittal document (PT-WHREM) that S. corporations and partnerships were required to file in 2002 and 2003. These returns are now included as a schedule attached to the S. corporation and partnership information returns.
- The disregarded entity information return will not include a schedule for payment of back-up withholding for its owner.
- 2005 estimated payments made by an S. corporation or a partnership on behalf of participant shareholders of a composite return will now be submitted with the pass-through entity coupon PT. Please do not submit estimated payments with the individual income tax coupon IT, as was required in the past. If you need new coupons for 2005, please contact the department.

Other changes that are effective for the 2004 tax year include:

- Form PT-AGR (Pass-Through Entity Owner Tax Agreement) incorporates both nonresident individuals and foreign C. corporation owners and is required to be signed and submitted to the department for those owners who are not participating in the composite return. Failure to obtain the agreement will subject the owner to back-up withholding. Form PT-AGR replaces the old Form PT-NRA (Nonresident Income Tax Agreement) used for 2003 and Form PT-CON (Nonresident Income Tax Agreement) used in 2002. The 2004 PT-AGR which is filed with your 2004 information return will not be required to be submitted in subsequent years.
- An S. corporation or partnership is required to submit back-up withholding for an owner who is a second-tier pass-through entity unless the owner has provided the pass-through entity with Form PT-STM (Second-tier Pass-Through Entity Statement).

Both Form PT-AGR and Form PT-STM will be available for downloading on the department's website sometime in mid-October. The pass-through entity will be required to submit with the information and composite tax return a copy of their federal S. corporation or partnership return along with the federal Schedule K-1 for each owner of the pass-through entity.

## **New Accounting System for the Combined Oil and Gas Tax**

The Department of Revenue has completed the implementation of the new combined oil and gas tax system. With this new system, the department has a new Excel spreadsheet for filing the COG tax return. We also have available *Business Tax Express*, which allows you to pay the combined oil and gas tax on line.

If you are interested in filing your return or paying your tax electronically, please call (406) 444-2888 to get set up. You can also check out [Business Tax Express](#) online.

## **Agreements to Help the Fight Against Abusive Tax Shelters and Illegal Transactions**

The Department of Revenue has recently signed separate agreements with 45 state taxing agencies in conjunction with the Federation of Tax Administrators (FTA) and the IRS to share information on abusive tax shelters and illegal transactions. This move is intended to strengthen the fight against this complex problem.

These agreements focus on the type of abusive tax transaction information to be shared, confirm the role of joint promoter audits and coordinated enforcement actions, and encourage active exchanges of case listings and documents.

The FTA agreement also provides a formal structure for the states to notify one another when they uncover new schemes to share insights on new compliance thinking and to point out potentially fruitful directions for audit exploration.

Acting Director for the Department of Revenue Don Hoffman states "the agreements will allow us to share information regarding these types of trusts that will help minimize the opportunity for these entities to manipulate their Montana tax liability."

## **October Filing Extension Deadline is Near**

The October 15 filing extension deadline for individual income tax is almost here. The good news is that returns can still be e-filed. We will soon be processing timely filed returns for this extension. Join the 193,299 Montana taxpayers who have taken advantage of faster processing and receipt of returns via e-file and direct deposit. If you e-file and owe money, you can have your tax payment debited from your bank account.

## **Customer Service**

### **Withholding Tax Forms and Correspondence**

The following withholding tax forms and correspondence will be mailed to employers within the next couple of months:

*"Look-Back" Letters.* The look-back letters will establish the filing frequency for employers for 2005. They will be mailed the last week of October.

*Payment Coupon Booklet.* The payment coupon booklet for 2005 will be mailed to employers the first week of December. For "monthly" and "annual" filers, the coupons

will be pre-populated with the appropriate month on each coupon. "Accelerated" filers will continue to manually report the appropriate date on the coupon. Please remember to submit the coupons to the department as established, even if remittance is not required that period.

*MW-3 Annual Reconciliation Forms.* The MW-3 Annual Reconciliation Forms for 2004 will be mailed to employers the last week of December. As was noted in previous articles in Rev-A-News, the MW-3 Annual Reconciliation Form was revised this year in conjunction with recent process changes. Accordingly, revised forms will be mailed to use in place of the earlier version included with the 2004 coupon booklet.

If you have any questions concerning your withholding tax filing requirements, please call our Call Center at (406) 444-6900 or Larry Sullivan, Withholding Tax Unit Manager, at (406) 444-7701. You can also e-mail Larry at [lsullivan@state.mt.us](mailto:lsullivan@state.mt.us).

### **Use Business Tax Express (BTE) to Report and Pay Withholding Tax for Multiple Employers**

*Business Tax Express* (BTE) will save your organization time and money--reporting and paying withholding tax for multiple employers has never been easier.

- Reporting and paying for multiple employers can be done with one login
- Both check and coupon can be quickly submitted
- You'll save time and mailing costs
- BTE provides two years of online payment history for each employer (from the time first BTE payment is made)
- BTE is free, and available 24 hours a day, seven days a week
- There is nothing to download onto your computer
- BTE is as simple as registering, logging in and making payments

The registration approval process is fast and efficient. A short online registration form must be completed for each employer. When registrations are submitted to the department, they are validated and approved, then a confirmation is e-mailed to you. (Spam filters sometimes intercept our confirmation e-mail. So, if you do not receive it within two days of registering, please call the department to verify approval.) Once your registrations are approved, your employers will be listed in alphabetical order in a drop-down box for your use in future submissions.

Payments are processed as ACH debits on the date specified. Payments can be future dated (warehoused). These payments can be deleted and resubmitted before the debit date, if necessary. Payments can be processed from a single bank account or from separate accounts for each employer.

In the time it took to read this, you could have logged on and completed the filing requirements for your clients without filling out a single coupon, check or envelope. If you are interested in saving time and money, please sign up for [Business Tax Express](#). If you have questions regarding BTE, please contact David Berg, E-File Coordinator by phone (406) 444-6957 or e-mail [daberg@state.mt.us](mailto:daberg@state.mt.us).

### **New Items Posted to the Department of Revenue Website**

The Department of Revenue's website provides information about a variety of topics, including:

- Overview of the department (how it is organized, department goals, about the director),
- Specific taxes, licenses, fees and permits,
- Electronic filing (options, guidelines and a registration form), and
- Special department programs, including unclaimed property, one-stop licensing, new hire reporting, liquor licensing and liquor distribution.

The site also provides customers with reference materials (Montana Codes Annotated, Administrative Rules, Taxpayer Bill of Rights) and links to other useful sites. To date, more than 200 of our Montana tax, business, and miscellaneous forms have been made electronically accessible for download. These forms cover the current tax year and go as far back as 1993.

#### *New Items to Check Out*

- The 2004 individual income tax annual indexing adjustment spreadsheet is available on our website under Downloadable Forms, Individual Income Taxes. [Click here](#) to view the document now.
- All the department's recent news releases are located on the department's home page under Features, Media Releases.
- Under the heading Legislative Information, the department's final report for the Property Tax Exemption Legislative Interim Committee is posted.
- Under the heading About the Agency, Local Office Locations, there is an updated listing of all the county offices, with mailing and physical addresses, phone and fax numbers and office hours.

If you have a suggestion to help us improve the site, please e-mail us from our website under Contact Us. The website address is [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue).

## About the Agency

### Property Assessment

The Property Assessment Division, within the Department of Revenue, is divided into six regions. Region 6 is in the southeastern portion of the state. Larry Richards (Regional Manager) and Kris Todd and Sheri Dede (Area Managers) handle management of this region. Region 6 consists of 14 counties, approximately 60 employees and borders Wyoming, North Dakota and South Dakota. The counties in Region 6 are Big Horn, Carbon, Carter, Custer, Fallon, Golden Valley, Musselshell, Powder River, Rosebud, Stillwater, Sweet Grass, Treasure, Wheatland and Yellowstone.

For office addresses, phone/fax numbers and office hours, visit our website under About the Agency, [Local Office Locations](#).

Each local office is responsible for valuation and assessment of all real and personal property located in the county. DOR customer service is provided as well. The work includes assisting or directing customers with inquiries regarding all DOR functions. The majority of the work performed by the staff includes: property ownership information, real and personal property information, state income tax forms, exemption forms and information, property tax assistance applications, disabled veteran applications, forest land and GIS maps, valuation and classification of property information, hail insurance policies, aerial photos, boundary information and maps for taxing jurisdictions and districts, valuation information for the various taxing jurisdictions, information on special districts and fees and the county tax roll.

Region 6 also includes the Stillwater Mining Company, which is located in Stillwater and Sweet Grass Counties. Stillwater Mining Company mines platinum, gold, nickel and other metals.

There are two Indian reservations and several mountain ranges (including the Crazy Mountains, Snowy Mountains, Bull Mountains and Beartooth Mountains) then it starts leveling off as you head east. You'll find lots of wide-open spaces and great people to work with in Region 6!

### **Career Opportunities**

The Department of Revenue posts new job opportunities on Wednesday and Friday each week. Visit our website [www.discoveringmontana.com/revenue](http://www.discoveringmontana.com/revenue) and go to About the Agency for current job opportunities.