

Rev-A-News

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Compliance and Collection

State Withholding Tax Tables Revamped

The Montana Department of Revenue issued revised 2005 state withholding tax tables on January 10. The revised withholding tax tables replace the tables mailed to Montana employers in November.

Director of Revenue Dan Bucks said the newly issued withholding tables were rewritten to prevent an estimated 30,000 Montana wage earners – mostly lower income wage earners, students and part-time workers – from writing a check to the Department of Revenue in 2006 instead of receiving a refund.

More than 80% of Montana wage earners receive a state tax refund each year.

“A large majority of taxpayers expect refunds and count on those refunds to pay their bills. When many families expect a tax refund to pay winter heating bills or holiday expenses or students expect to use the refund for college costs, they do not need to be surprised by an unexpected tax bill during the tax filing season,” Bucks stated.

The tables issued by the department in November would have significantly reduced the percentage of taxpayers receiving refunds at two specific levels of annual income: \$6,000-8,000 and \$20,000-30,000. The number of taxpayers receiving refunds at the \$6,000-8,000 income level – mostly college students and part-time workers – would have decreased dramatically, from about 95% to 30%. The number of taxpayers receiving refunds at the \$20,000-30,000 income level also would have decreased, from about 90% to 80%.

The department is asking Montana employers to begin using the revised withholding tax tables by February 1 or sooner, if possible. The tables are available now to download from the department's website at www.mt.gov/revenue (click on Forms & Resources / Downloadable Forms / Withholding Forms). Printed copies will be mailed to employers in about two weeks.

Last November the Department of Revenue mailed new withholding tax tables to nearly 35,000 Montana employers. The first substantial change to state withholding tax tables since 1994, the tax tables were updated to support the individual income tax reductions outlined in Senate Bill 407 (2003 Legislative Session).

Bucks emphasized that the withholding tax tables issued today implement the income tax reductions enacted in 2003, but fine-tune the withholding tax rates to better replicate Montana's past patterns of tax refunds.

Customer Service

New Website Address and Employee E-mail Addresses

At the request of the federal government and the National Association of State Chief Information Officers (NASCIO), the State of Montana will be moving back to the mt.gov domain for websites and e-mail addresses.

The .gov domain is the only domain that is controlled and regulated by the federal government, thus a website on any other domain cannot be called an "official government website." About a year and a half ago, the .us domain was opened up and any entity could purchase a domain name. This means the .us domain is no longer secure for government use only.

To give our customers the assurance they are on an official government website and receiving official government information, we will be transitioning to the mt.gov domain. The e-mail and website transition is effective January 2, 2005.

- **Inbound E-mail:** Both name@state.mt.us and name@mt.gov will work for inbound e-mail through December 2005, giving people communicating with the state more than a year to change their address books.
- **Outbound E-mail:** The e-mail address displayed when a state employee sends an e-mail changed from name@state.mt.us to name@mt.gov on January 2, 2005 to correspond with the administration change.
- **Website Address:** The Department of Revenue's website address changed to www.mt.gov/revenue effective January 2 and within the next year, the Schweitzer Administration will begin a redesign of the state's website design. URL redirects will be in place indefinitely for websites, but we ask that you change any links from your own websites or from your list of favorite links to our new address.

Electronic Payments for Businesses

Making electronic business payments couldn't be easier. Business Tax Express (BTE) is a user-friendly online application that is secure, convenient and free.

Business Tax Express's options include:

- Two years of online payment history
- Payment warehousing
- Capacity for addition of new accounts under one transmitter number
- Payment and reporting capability for withholding, lodging and facilities, and rental vehicle taxes
- Payment capability for combined oil and gas (COGS)

Upcoming BTE features include cigarette tax on January 3, 2005, and corporation license tax later in the month. For more information about BTE, call Sandy Lehman at (406) 444-4494, or David Berg at (406) 444-6957.

Begin 2005 by signing up for BTE and enjoy the piece-of-mind in knowing your payments and returns are processed accurately, timely and securely.

Electronic Filing of Individual Income Tax

Soon the 2004 income tax season will be in full swing. The Department of Revenue is testing various applications in anticipation of this busy time.

The Telefile program is being updated and tested, and will begin January 10, 2005. It will be available 24 hours a day, seven days a week until midnight on April 15.

The E-File program is also being tested. Vendors are sending test returns to the department for software approval. E-File will begin January 14, 2005 and continue through the October

extension deadline. The department will again be offering an electronic payment option when individual income taxes are filed electronically. With Direct Debit, customers can have the total tax due deducted from their accounts. Direct Deposit is available for refund returns; refunds will automatically be deposited into a checking or savings account within three to four days. Customers can also file early and pay as late as April 15. File your 2005 return electronically and join the 195,000 Montanans who have experienced the many benefits of E-Filing.

About the Agency

Meet Our Director

Dan Bucks was appointed the director of the Montana Department of Revenue, effective January 3, 2005.

Dan has extensive experience with tax policy and administration. He is committed to a tax system that ensures taxes are equitably administered. He believes in saying "thank you" to those taxpayers who pay their fair share of taxes under the law. For the minority of taxpayers who do not, he believes they should be asked to join in paying their fair share.

Prior to his appointment as director, he was the executive director of the Multistate Tax Commission in Washington, D.C. for nearly 17 years. The commission is a joint agency of state governments that assists states in administering taxes affecting multistate businesses and protects state taxing authority.

Dan previously worked for the Montana Department of Revenue, serving as the agency's deputy director from 1981-88. Prior to that, Dan was director of science and natural resources for the National Conference of State Legislatures.

Dan served as South Dakota state planning commissioner from 1973 to 1977 and director of reorganization in that state from 1971 to 1973. Throughout this period in South Dakota, he also served as chief tax policy adviser to the South Dakota governor.

Dan has a master's degree in public administration from the University of Montana. He and his wife, Jane Bucks, have lived in Missoula since 1995. They have six children and one grandchild. His personal interests include gardening, reading and enjoying time with his family.

Career Opportunities

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