

DEPARTMENT OF REVENUE OFFERS HELPFUL ADVICE AS TAX FILING DEADLINE NEARS

With the tax filing deadline just around the corner, the Montana Department of Revenue has some last-minute advice and helpful tips for those still working on their state income tax returns.

“Our best advice is to use electronic filing,” said revenue director Dan Bucks. “It’s a winning option.”

Bucks added, “If you file your tax return electronically and request direct deposit, you will be in the best possible situation. That combination can get your refund to you in about five - ten days.”

Electronic filing can be accomplished several ways -- through a tax practitioner who is authorized for IRS e-file or on a personal computer using off-the-shelf income tax software or a web-based tax service.

This year the department is offering free electronic filing of the short Form 2EZ on its website at www.mt.gov/revenue.

“If you are filing the short form, this is definitely a great way to file,” said Bucks.

So far this tax season, electronically filed returns are clearly in the lead over paper returns, Bucks said. More than 73% of all returns submitted so far are electronic.

“This is good news for the taxpayers of Montana. E-filed tax returns provide taxpayers with accuracy and peace of mind. And, every e-filed return saves the state about \$7 over the cost of processing a paper return,” said Bucks.

In addition to electronic filing, the department has other advice that will prove helpful to last-minute filers.

Go online for tax help. The department’s website at www.mt.gov/revenue contains basic income tax information, downloadable forms/instructions, important updates and filing tips. In addition, taxpayers should check out MontanaFreeFile.org, a “one-stop” website that provides information on free tax preparation and electronic filing to eligible taxpayers.

Mark the appropriate check boxes. Be sure to fill in the check box for the residency status option that applies to you. Select only one (resident full year, nonresident full year, or resident part-year). Also be sure to fill in the check box for your filing status choice (single; married filing joint return; head of household; married and both filing separate returns on this form; married and both filing separate returns on separate forms; or married filing separate and spouse is not filing). Select only one filing status.

Provide key information. Put all required social security numbers on the tax return. Remember to enter the correct number of exemptions, if you have dependents. All filers are entitled to at least one exemption. If using Form 2 or Form 2M, be sure to indicate whether you are electing to use the standard deduction or whether you are itemizing your deductions (see line 42 on Form 2; line 37 on Form 2M). Also, be sure to indicate the type of bank account that will be used, if you elect direct deposit. Do this by checking either the “checking” box or the “savings” box.

Attach your wage statements and all required schedules. If you choose not to e-file, remember to attach a copy of all Forms W-2, Wage and Tax Statement, and other forms that reflect tax withheld. In addition, be sure to attach all necessary forms and schedules.

Check math computations. Math errors are a common mistake, so double check all figures on the tax return. You may want to try the self-calculating forms available on the department's website at www.mt.gov/revenue. These forms do the math for you. Also, check that you have correctly calculated the refund or balance due and have used the tax table information properly. Use the correct information from the Tax Table for your level of taxable income.

Sign and date your return if filing by paper. The tax return must be signed and dated. When filing together with a spouse, both taxpayers must sign and date the return.

And, perhaps most importantly, Bucks said, the tax return needs to be filed on time. This year, the filing deadline is April 17.

"By the April 17 due date, taxpayers should either file a tax return or request an extension of time to file," he said.

Taxpayers can receive an automatic six-month extension of time to file a state tax return by filing federal Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, with the Internal Revenue Service. In addition, they need to pay at least 90% of the 2006 Montana income tax liability, or 100% of the 2005 Montana income tax liability, through withholding and/or estimated payments by April 17.

Taxpayers should not send federal Form 4868 the department prior to their actual tax filing. When the taxpayer does get around to filing the tax return, he or she simply needs to check the Extension box on the state tax return and attach a copy of the federal Form 4868.

"Taxpayers should understand that an extension to file is not an extension to pay. Late pay penalties and interest will apply to any tax liability that remains after April 17," said Bucks.

For taxpayers who are having trouble paying their tax bill, there are payment options.

"First, taxpayers should pay as much as they can when they file their tax return," said Bucks. "That will help to minimize late payment fees and interest."

Then the taxpayer should call the department at (406) 444-6900 to be connected to a collection specialist who can help develop a mutually agreeable payment plan, he said.

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