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Computer System Update

Department of Revenue implements largest tax type into new computer system

After two years of continuous computer programming and several successes with smaller tax types, the Montana Department of Revenue is now ready to convert its largest tax type-individual income tax-into its new Integrated Revenue Information System (IRIS) on October 3.

"The new computer system will bring better service to individual income taxpayers, greater equity to taxpayers and strengthen the security of our system," said revenue director Dan Bucks.

The department began implementing the new system in late 2003, under a contract with Boise, Idaho-based Fast Enterprises. So far, the system has been used to successfully manage the daily operation for six tax types that generate approximately \$800 million in revenue annually: income tax withholding, oil and gas production tax, rental vehicle tax, lodging facility use tax, cigarette tax and corporate income tax. Daily operation includes processing tax returns and revenue, customer registration, functionality for auditing, collection processing, and resource management tools.

Bucks said the new system will offer many other benefits to Montana's citizens.

Most importantly, he said, the new integrated system allows the department to assist taxpayers with the amounts they owe for multiple tax types--an ability the department did not have before. In the past, the department relied on multiple systems, hindering its service to citizens as well as its compliance efforts.

"An integrated system that supports customer relationship management will allow the department to be more responsive to Montana taxpayers while helping ensure tax laws are applied fairly and consistently," said Bucks.

The system also includes more security and tracking functions than the department's previous tax systems. These functions will provide the appropriate checks and balances needed to prevent errors in the handling of taxpayer accounts.

"The new system will help ensure that all taxpayers will pay their fair share, no more and no less," Bucks stated.

Several new compliance tools will enhance the department's ability to identify persons or businesses, both in state and out-of-state, who should be filing but are not. These capabilities will also assist the department in identifying unreported income and underpaid taxes.

A third phase of the IRIS project is still needed to convert some smaller tax types to IRIS and thereby allow the department to completely shut down its previous system, known as POINTS. Phase III implementation, which will begin in the fall of 2005 and be completed by December 2006, will include an additional 48 miscellaneous tax and license programs.

Delinquent Taxpayers to Begin Receiving Monthly Billing Statements

Taxpayers will see several new features with the new individual income tax program, including a new monthly billing for taxes due. The first billing for income tax will be mailed in early November to approximately 19,000 taxpayers with delinquent accounts, he said. The monthly billing process will not affect the more than 500,000 Montana taxpayers who have filed returns and paid their taxes on time.

"The first billing cycle will include many taxpayers who have not received a Statement of Account from the department in a some time," said Bucks. "They may be a bit surprised to see the statements in their mailboxes."

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Taxpayers are encouraged to call the department to resolve their accounts. Many taxpayers may have questions because penalty and interest will be updated and many accounts may be as old as five years.

"We will work with taxpayers to solve any issues, inaccuracies or problems with their accounts," said Bucks. In the long run, monthly statements will benefit taxpayers, he said. "Monthly statements will help taxpayers know the status of their accounts on a regular basis and stay current on liability owed to Montana," said Bucks.

Call Center to Offer Limited Services, September 23-30

The department expects some minor disruptions to taxpayer service during the data conversion. The department will be limited in the nature and extent of the services it can provide from September 23-30.

During that timeframe, department representatives will be unable to answer questions about the "accounts receivable" portion of a taxpayers account. This includes outstanding balance of tax due, dates and amounts of past tax payments, details of payment plans, any penalty or interest that has been assessed, and the status of tax refund checks.

"The one week limit on tax service will apply to all taxes administered by the department," said Bucks.

The department will be able to answer general questions about tax and revenue related topics. These include questions about filing a tax return, making tax payments, and the status of a registration or license application. Full services will resume on October 3.

"We will do our best to provide information and answer questions," said Bucks. "However, taxpayers may be asked to wait until October 3 when tax information is fully functional. We ask for citizens' patience at this time."
