Withholding and E~SERVICES
Montana Wage Withholding

• Individuals who earn wages by performing services in Montana are liable for Montana income tax. As an employer, it is your duty by law to deduct the tax from the wages you pay.

• Every employer who pays wages for services performed in Montana, must withhold Montana income tax.
Montana Residents Working In Other States

• If you're an employer and your employee is a Montana resident but is working in another state, you generally don't have to withhold Montana income tax. Instead, you should withhold tax for the state in which the employee is working. You should contact that state to be sure of its withholding tax laws.

• If the other state doesn't require withholding, Montana tax can be withheld if both you and your employee agree.
Registration

• You must register for a Montana withholding tax account if you
  • Issue Montana Wages, or
  • Issue Forms W-2 with or without withholding, or
  • Issue Forms 1099 with state withholding

• If there is a change to your Federal Employer Identification Number (FEIN), you must register for a new tax account.
  • Include information about the previous account and FEIN on the new registration.
**Post-Registration**

- Once the department has approved your registration, you will receive a welcome letter with your Montana Department of Revenue Account ID.

- New accounts will be on a monthly payment schedule until a lookback can be completed.

- There is an exception for agricultural accounts, if indicated on the registration.
A completed Form MW-4 is used by employers to determine the amount of Montana income tax to withhold from wages paid. This form allows each employee to claim allowances or an exemption to Montana wage withholding when applicable.

If more than 10 allowances are claimed or there is an exemption claimed in Section 2, the MW-4 must be submitted to the Department for review.

If blank, withhold at zero allowances.
Different Types of Compensation

- Wages, salaries, fees, bonuses, commissions
- Vacation allowances and retroactive pay increases
- Early retirement payoffs and back pay
- Payment in kind
  - Cannot be withheld on, but is subject to tax.
COMPENSATION not SUBJECT to WITHolding

• Tip income for food, beverage and lodging
  • Other types of tip income are subject to withholding

• Benefit Plans
  • Employer or employee contributions

• Meals and lodging as a condition of employment

• No additional cost benefits
**Calculating Employee Withholding**

- State Withholding Tax is calculated from withholding tables.
  - Newest tables were effective February 1, 2005
  - There are no changes for 2020

- Calculation is based on:
  - Pay frequency
  - Amount of wages
  - Number of allowances

- Supplemental rate is 6% (bonuses, etc.)
**Payment Schedule**

• **Annual**
  
  • Payment due January 31\( ^{st} \) of the following year.

• **Monthly**

  • Payments due the 15\( ^{th} \) of the following month.
    
    Example: January withholding is due February 15\( ^{th} \).

• **Accelerated**

  • Payments due the same day as federal tax deposits.
    
    For paydays Saturday – Tuesday, payments are due the following Friday.
    For paydays Wednesday – Friday, payments are due the following Wednesday.
**Filing Type “Not Required”**

- Only for Agricultural accounts.

- Employer is “Not Required” to withhold on employee wages, therefore payments are not required.
  - If withholding does occur, account is treated as an annual filer and payments are due January 31st of the following year.

- Filing Requirement
  - Employer is still required to file W-2s and an MW-3 (annual reconciliation) with the Montana Department of Revenue.
Lookback Period

• Determines payment schedule for the following year.

• Calculated from the total amount of withholding payments received from July 1 of the previous year to June 30 of the current year.

• Completed in October of each year.

• Notification will be sent to employers by November 1 of each year, only if the remittance schedule has changed for the next calendar year.
• Annual reconciliation for all Montana wages paid.
  • All Montana W-2s are required with this return.
    Please note, we do not receive W-2s automatically from the Social Security Administration.
  • Forms 1099 with state withholding are also required with this return.

• Do not attach 1099s without state withholding.
  • Submit these with Federal Form 1096.

• Due January 31st of the following year.
# MW-3 Form

Montana Annual W-2 1099 Withholding Tax Reconciliation

<table>
<thead>
<tr>
<th>Clear Form</th>
<th>■</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana Annual W-2 1099 Withholding Tax Reconciliation</td>
<td>■</td>
</tr>
<tr>
<td>Tax Year</td>
<td>20</td>
</tr>
<tr>
<td>Pay Frequency</td>
<td>M T H</td>
</tr>
<tr>
<td>Due Date</td>
<td>January 31</td>
</tr>
</tbody>
</table>

1. Number of W-2s submitted to Montana:

2. Number of Forms 1099 with Montana withholding reported and submitted to Montana:

3. Total Montana income paid per W-2s and Forms 1099:

4. Total Montana withholding tax withheld per W-2s and Forms 1099:

5. Total Montana withholding tax paid:

6. Difference (line 4 minus line 5):

May we discuss this return with your tax preparer? Yes ☐ No ☐

If yes, provide preparer name and telephone number below:

---

### Table:

<table>
<thead>
<tr>
<th>A (Deposit/End Date)</th>
<th>B (Preparing/MTQTR)</th>
<th>C (Montana Tax Withheld)</th>
<th>D (Montana Tax Paid)</th>
<th>E (Difference)</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

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Page 1 of ___
DOR e~Services

Responsibilities & Goals:

• Provide accurate, confidential, secure, cost effective and timely processing of e-filed tax information and payments.

• Work closely with payroll software vendors to support electronic filing of withholding returns.

• Reduce paper (volume & cost) by electronically expediting tax transactions, data and payments.
TRANSACTION PORTAL (TAP)

TransAction Portal is a full service application providing you or your designated representative online access to your Montana tax accounts.

TAP provides individuals, businesses and tax preparers the ability to

- Manage tax accounts
- Schedule and make payments
- File returns in a secure environment
WELCOME TO TAP
REGISTER FOR A NEW TAX ACCOUNT

Welcome to Montana TAP!

Quick Links
- File a Return
- Make a Payment
- Open Saved Return/Application
- File a Power of Attorney Request
- Request for Informal Review

Individuals
- Verify Return
- Where’s My Refund?
- View Your Form 1099-G

Businesses
- Register for a New Tax Account
- File PT-AG
- Apply for a Tax Certificate
- File Montana MW-4(e)
- Register to Upload W2, 1099, or Withholding Files

Alcoholic Beverage Control Division
- Posted bottle price calculated from FOB
- FOB calculated from posted bottle price
- Temporary Authority Search
- Beer/Wine Label Search
- Search for an Alcoholic Beverage License

Gambling Control Division
- Calcutta Pool Application
- Casino Night Application
- Gambling Operator License Application

Unclaimed Property
- Search for Unclaimed Cash
- Quick Claim Letter
- Track Your Claim Status
- Upload UCP Holder Report
Setup Online Access
• Required information
  • 13-digit Account ID assigned by the Department
  • FEIN (Federal Employer Identification Number)
  • ZIP Code associated with the account
  • A letter received from the Department within the last year
    If you don’t have a letter, you can request one. You will be granted limited
    access until you receive and enter a valid letter ID.

• You will receive an authentication code within minutes.
  • This code is required the first time you sign in.
TAP SECURITY

TWO-FACTOR AUTHENTICATION

• Initial Registration
• Using a different computer, tablet or mobile phone
• After clearing your browser’s cookies

PASSWORD RESET

• Only resettable through email
• Reset is time sensitive, expires after 60 minutes.
• Check spam/junk folders
MW-4S ON TAP

• Form must be signed to be valid.

• Enter the information exactly as it appears on the employees form.

• Only submit MW-4s claiming more than 10 allowances or an exemption listed in Section 2.
### Withholding

#### Account
- **LIQUOR FOR LIFE**
  - 4095048
- Withholding
  - Monthly
  - 4095048-053-WTH
- **Balance:** $0.00

#### Account Alerts
- 🚨 File return for 31-Dec-2017
- 🚨 File return for 31-Dec-2016
- 🚨 File return for 31-Dec-2015

#### Account Options
- View my accounts
- Make a payment
- File a return
- Send us a message
- File 1040S/1099S
- Register for ACH
- File Montana MW-4(s)

### Recent Periods

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Amount</th>
<th>File Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Dec-2018</td>
<td>Monthly</td>
<td>$0.00</td>
<td>File Return</td>
</tr>
</tbody>
</table>
TAP 3rd Party Access

• Gives accountants and tax preparers the ability to manage their clients' accounts from one TAP username.
• Before requesting 3rd party access, both you and your client must have TAP accounts setup.
• Required information to request access
  • 13-digit Account ID assigned by the Department
  • FEIN (Federal Employer Identification Number)
  • ZIP Code associated with the account
• Once you request access, your client will receive instructions via email on how to complete the process.
Payments in TAP

• E-check Payments
  • Free processing in TAP

• Credit/Debit Card Payments
  • Small processing fee

• ACH Payments
  • An Automated Clearinghouse (ACH) payment lets you send money directly from your bank to ours.
  • Registration is required and can be competed in TAP for withholding payments.

• All withholding payments must be applied to December of the appropriate tax year, but are still due according to your payment schedule/filing frequency.
WITHHOLDING REPORTING

TAP offers two options for filing 1099s, W-2s, and MW-3s:

• Single-Entry
  • Allows the user to manually enter data into an online form.
  • No special account required.

• File Upload
  • Allows the user to upload withholding files exported directly from their payroll software.
  • Files must be in the correct file format.
  • Unable to accept PDF documents.

Note: Certain Payroll software products allow you to file your Montana MW-3 and W-2s directly from their software.
FILE UPLOAD FORMATS

• 1099 Files
  • Must be submitted in text (.txt) format.
  • Must meet IRS Publication 1220 format specifications.

• W-2 Files
  • Must be submitted in text (.txt) format.
  • Must meet Social Security Administration Publication No. 42-007 (EFW2) specifications and must contain the RS record specific to Montana.

• MW-3 Files
  • Must be submitted in zipped (.zip) xml format.
  • Payroll Software must be approved with the Montana Department of Revenue.
  • Requires a “File Processing” account on TAP.
On-Line Security

The Department of Revenue takes taxpayer security very seriously.

You can do your part by:

• Updating your browser and software regularly.
• Creating safe passwords and changing them often, consider using passphrases.
• Ensuring that anti-virus protection and firewalls are current.
• Using caution when opening attachments.
• Using trusted Internet sites only.
SUMMARY

• Functions available on TAP:
  • Register new tax accounts
  • Make payments
  • File returns
  • Submit 1099s and W-2s
  • Submit Montana MW-4s
  • Submit a Power of Attorney (POA)

• Benefits of filing and paying online:
  • Free to use
  • Safe and secure
  • One location to e-file and e-pay
  • No paper documents to print and mail
  • Immediate confirmation that your submission was received
MONTANA TAX NEWS YOU CAN USE

• The Montana Department of Revenue invites you to subscribe to its electronic newsletter, Montana Tax News You Can Use. The e-newsletter keeps tax preparers informed of new developments at the department, updated processes, and issues and trends popping up during tax season in Montana. It's a resource for anyone who assists people in filing taxes and meeting their tax responsibility and for those interested in the state's tax system. And, of course, it's free.
Any Questions?
ADDITONAL RESOURCES

Helpful Links

• Department of Revenue Website  mtrevenue.gov
• TransAction Portal  tap.dor.mt.gov

Contact Information

• Department’s Call Center  Phone: 406-444-6900
• Department’s Withholding Unit  Phone: 406-444-6937
  Email: MTDORWithholding@mt.gov
• Department’s e~Services Unit  Email: DORE-Services@mt.gov
NEW HOMEPAGE LAYOUT:
NEW LOGGED IN LAYOUT:
MULTIPLE CUSTOMER ACCESS:
ACCOUNTANT CENTER ➔ MANAGE PAYMENTS AND RETURNS:

<table>
<thead>
<tr>
<th>Accounts</th>
<th>Show</th>
<th>For Periods</th>
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<tbody>
<tr>
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**Returns**

<table>
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<tr>
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<th>For</th>
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<th>Name</th>
<th>Type</th>
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<tr>
<td>File Return</td>
<td>31-Dec-2021</td>
<td>Personal Property Reporting</td>
<td>4180205-004-PPR</td>
<td>E-SERVICES LAND MANAGEMENT</td>
<td>Personal Property Form</td>
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<tr>
<td>File Return</td>
<td>31-Dec-2020</td>
<td>Coal Gross Proceeds</td>
<td>4130000-008-CSG</td>
<td>GOLF</td>
<td>Coal Gross Proceeds Return</td>
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<td>Personal Property Reporting</td>
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<td>Personal Property Form</td>
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<td>30-Sep-2020</td>
<td>Foreign Winery Import</td>
<td>4180208-002-FWI</td>
<td>DERRV WINES</td>
<td>Winery/Importer's Renewal</td>
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<td>30-Jun-2020</td>
<td>Bentonite Production</td>
<td>4130000-004-BEN</td>
<td>CHARLIE</td>
<td>Bentonite Production Tax Return</td>
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<td>30-Jun-2020</td>
<td>Brewery Storage Depot</td>
<td>4130000-006-BSD</td>
<td>ECHO</td>
<td>Miscellaneous Alcoholic Beverage Retailer</td>
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<td>File Return</td>
<td>31-Mar-2020</td>
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<td>4130000-010-CGT</td>
<td>INDIA</td>
<td>Cement and Mineral Tax Return</td>
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<td>Coal Severance Tax</td>
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<td>Coal Severance Tax Return</td>
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<td>4130000-005-BET</td>
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<td>4130000-011-CIG</td>
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<td>File Return</td>
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<td>Snowmobiles</td>
<td>4130000-010-MBO</td>
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<td>Snowmobile</td>
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Filter