$A B \quad$ BILL NO. 104

by request of the department of revenu
a bill for an act entitled: man act amending section 84-4914, R.C.M.g 1947, By INCREASING THE GROSS INCOME limitailons establishing liability for filing tax returns; PROVIDING AN IMHEDIATE EFFECTIVE DATE."

## be it enacted by the legislafure df the state of montana :

Section 1. Section 84-4914, R.C.N. 1947. is amended to read as follows:
184-4914. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) Every single individual and every married individual not filing a joint return with his or her spouse and having a gross income for the taxable year of more than six-mundred-sixty-five-dotiars-tst65t \$120, and married individuals not filing separate returns and having a combined gross income for the taxable year of more than one-thousand-three-handred-thirty-dotfars-ftir $3 \mathbf{3 0 f}$ Sle445, shall be liable for a return to be filed on such forms and according to such rules and regulations as the department of revenue may prescribe. The gross income amounts reforred to in the preceding sentence shall be increased by six--thendred-dottarg-tste日t 5650 for each

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additional personal exemption allomance the taxpayer is
entitled to claim for himself and his spouse under seetion
84-4910(c) and (d). A nonresident shall be required to file
a return if his gross income for the taxable year derived
from sources within Montana exceeds the amount of the
exemption deduction he is entitled to claim for mimself and
his spouse under the provisions of section B4-4910(b), (c)
and (d), as prorated according to paragraph (i) of said
section.
(2) In accordance with instructions set forth by the department, every taxpayer who is married and living with husband or wife and is required to file a return may, at his or her option, file a joint return with husband or wife even though one of the spouses has neither gross income nor deductions. If a joint return is made, the tax shall be computed on the aggregate taxable income and the liability with respect to the tax shall be joint and severale If a joint return has been filed for a taxable year, the spouses may not file separate returns after the time for filing the return of either has expired, unless the department so consents.
(3) If any such taxpayer is unable to make his own returng the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.
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(4) All taxpayers, including, but not limited to those subject to the provisions of sections $84-4939$ and $84-4943$, shall compute the amount of income tax payable and shall at the tise of filing the return required by this actipay to the department any balance of income tax remaining unpaid after crediting the amount withheld as provided by seetion 84-4943, andfor any payment made by reason of an estimated tax return provided for in seetion 84-4939; provided however, the tax so computed is greater by one--dotłar--itit than the anount withheld andor paid by estimated return as provided in this act.

If the amount of tax withheld and/or payment of estimated tax exceeds by more than one-dotyar-ftlf the amount of income tax as computed, the taxpayer shall be entitled to a refund of the excess.
(5) As soon as practicable after the return is filed, the department shall examine and verify the tax.
(6) If the amount of tax as verified is greater than the amount theretofore paid, the excess shall be paid by the taxpayer to the department within thirty- $\mathbf{~} 30 \ddagger$ days after notice of the amount of the tax as computed with interest added at the rate of nime--per-centur-t9\% per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such understetement, provided the deficiency is paid within thirty-ficy days after the
> first notice of the amount is mailed to the taxpayer.
> If payment is not made within thirty-tuot days or if the understatement is due to negligence on the part of the taxpayer, but without fraud, there shall de added to the amount of the deficiency five--per--centum-f5\%t thereof, provided, however. that no deficiency penalty shall be less than two-dot+ors-ts2t. Interest will be computed at the rate of mine-per-eentum-f9\%t per annum or fraction thereof on the additional assessment- Except as otherwise expressiy provided in this subdivision, the interest shall in all cases be computed from the date the return and tax was originally due fas distinguished from the due date as it may have been extendedt to the date of payment.

> If the time for filing a return is extended, the taxpayer shall pay in additiong interest thereon at the rate of mine--per--eentu--t9\%t per annum from the time when the return was originally required to be filed to the time of payment."

> Section 2. Effective date. This act is effective on its passage and approval and shall apply to returns for tax years endina on or after beceaber 31, 1976.

-End-

In compliance with a written request received __January 10 , $19 \ldots 7$, there is hereby submitted a Fiscal Note for $\qquad$ pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION
The proposed legislation increases the gross income limits which govern liability for filing individual income tax returns.

## EXPLANATION

The 1974 session raised the personal exemption to $\$ 650$ from $\$ 600$. However, no changes were made in criteria for filing. Hence, under the present law, individuals and married couples are required by law to file returns even though they have zero taxable income and thus no income tax liability. Under current law such persons could be subject to a penalty for not filing a return even though they have no tax liability.

The proposed legislation will have no effect on state revenues or expenditures.


Office of Budget and Program Planning
Date: $\angle-\angle 2-77$


#### Abstract

Amroved by Cormittee on Taxation


#### Abstract

additional personal exemption allowance the taxpayer is entitled to claim for himself and his spouse under seetior 84-4910(c) and (d). A nonresident shall be required to file a return if his gross incose for the taxable year derived from sources within Montana exceeds the amount of the exemption deduction he is entitled to claim for himself and his spouse under the provisions of section $84-4910(b)$ ( $c$ ) and (d), as prorated according to paragraph (i) of said


 section.(2) In accordance with instructions set forth by the departmentr every taxpayer who is married and living with husband or wife and is required to file a return may, at his or her option, fite a joint return with husband or wife even though one of the spouses has neither gross income nor deductions. If a joint return is made, the tax shali be computed on the aggregate taxable income and the liability with respect to the tax shall be joint and several. If a joint return has been filed for a taxable yeary the spouses nay not file separate returns after the time for filing the return of either has expired, unless the department so consents.
(3) If any such taxpayer is unable to make his own returny the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.
(4) All taxpayers, including, but not limited to those subject to the provisions of sections 84-4939 and 84-4943. shall compute the amount of income tax payable and shall at the time of filing the return required by this act, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld as provided by seetion 44-4943, andfor any payment made by reason of an estimated tax return provided for in section 84-4939; provided however, the tax so computed is greater by one--dotzer--fsit than the amount withheld andfor paid by estimated return as provided in this act.

If the amount of tax withheld andfor payment of estimated tax exceeds by more than one-dotzor-tsit the amount of incone tax as computed, the taxpayer shall be entitled to a refund of the excess.
(5) As soon as practicable after the return is filed, the department shall examine and verify the tax.
(6) If the amount of tax as verified is greater than the amount theretofore paid, the excess shall be paid by the taxpayer to the department within thretr-30; days after notice of the amount of the tax as computed with interest added at the rate of nine--per-eentuw-tizt per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such understatement, provided the deficiency is paid within thirty-f30t days after the

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If the time for filing a return is extended, the taxpayer shall pay in additiong interest thereon at the rate of nine-per-eentum- 9 - $9 \%$ per annum from the time when the return was originally required to be filed to the time of payment."

Section 2. Effective date. This act is effective on its passage and approval and shall apply to returns for tax years ending on or after December 31, 1976.


-End-

## HUUSE RILL NO. 104

INTROOUCEO BY EERTELSEN. FAGG* KROPP
by request of the department of revenue

additional personal exemption allowance the taxpayer is entitley to claim for himself and his spouse under seetion 84-4910(c) and ( $d$ ). A nonresident shall se required to file a return if his gross income for the taxable year derived fron sources within montana exceeds the amount of the exemption deduction he is entitted to claim for himself and his spouse under the provisions of section $84-4910(b)$, (c) and (d), as prorated according to paragraph (i) of said section.
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If the time for filing a return is extended, the taxpayer shall pay in addition, interest thereon at the rate of nine--per--eentum--fitt per annum from the time when the retura was originally required to be filed to the time of payment.*

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    -End-

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    A BILL for AN aCt ENTITLED: AN ACT AMENDING SECTIDN 84-4914\% R.C.M.9 1947\% BY INCREASING THE GRDSS INCOME limitations establishing liability for filing tax returns; providing an immediate effective dates.
    be it enacted by the legislature of the state of montana:
    Section 1. Section 84-4914, R.C.M. 1947, is amended to
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    5120, and marfied individuals not filing separate returns
    and having a combined gross income for the taxable year of
    more than one-thousand-three-mundred-thirty-dat7ers-tsty33t
    S1.445, shall be liable for a return to be filed on such
    forms and according to such rules and regulations as the
    department of revenue may prescribe. The gross income
    amounts referred to in the preceding sentence shall be
    increased by six--hundred--dottars--t\$600t $\$ 620$ for each

