



AN ACT REVISING THE STATUTE OF LIMITATIONS FOR INCOME TAX REFUNDS AND CREDITS; PROVIDING CONFORMITY WITH THE INTERNAL REVENUE CODE; AMENDING SECTIONS 15-30-2609 AND 15-31-509, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-30-2609, MCA, is amended to read:

**"15-30-2609. Credits and refunds -- period of limitations.** (1) If the department discovers from the examination of a return or upon a claim filed by a taxpayer or upon final judgment of a court that the amount of income tax collected is in excess of the amount due or that any penalty or interest was erroneously or illegally collected, the amount of the overpayment must be credited against any income tax, penalty, or interest then due from the taxpayer and the balance of the excess must be refunded to the taxpayer.

(2) (a) A refund or credit may not be allowed or paid with respect to the year for which a return is filed after expiration of the period provided by 15-30-2606 and 15-30-2607 or ~~after~~ 1 year from the date of the overpayment or filing time the tax was paid, whichever is later, unless before the expiration of the period the taxpayer files a claim for refund or credit or the department has determined the existence of the overpayment and has approved the refund or credit.

(b) If an overpayment of tax results from a net operating loss carryback, the overpayment may be refunded or credited within the period that expires on the 15th day of the 40th month following the close of the tax year of the net operating loss if that period expires later than 3 years from the due date of the return for the year to which the net operating loss is carried back.

(c) Except for a final federal adjustment required to be reported for federal purposes by taking those adjustments into account in the partnership return for the year of the adjustment, a taxpayer may file a claim for refund or credit of tax on or before the later of:

(i) the expiration of the period provided for in subsection (2)(a); or

(ii) 1 year from the date a federal adjustments report described in 15-30-3403 and 15-30-3404, was due to the department, including any extensions.

(3) Within 6 months after a claim for refund is filed, the department shall examine the claim and either approve or disapprove it. If the claim is approved, the credit or refund must be made to the taxpayer within 60 days after the claim is approved. If the claim is disallowed, the department shall notify the taxpayer and a review of the determination of the department may be pursued as provided in 15-1-211.

(4) (a) Interest is allowed on overpayments at the same rate as charged on delinquent taxes as provided in 15-1-216. Except as provided in subsection (4)(b), interest is payable from the due date of the return or from the date of the overpayment, whichever date is later, to the date the department approves refunding or crediting of the overpayment. With respect to tax paid by withholding or by estimated tax payments, the date of overpayment is the date on which the return for the tax year was due. Interest does not accrue on an overpayment if the taxpayer elects to have it applied to the taxpayer's estimated tax for the succeeding tax year. Interest does not accrue during any period for which the processing of a claim for refund is delayed more than 30 days by reason of failure of the taxpayer to furnish information requested by the department for the purpose of verifying the amount of the overpayment. Interest is not allowed if:

(i) the overpayment is refunded within 45 days from the date the return is due or the date the return is filed, whichever date is later;

(ii) the overpayment results from the carryback of a net operating loss; or

(iii) the amount of interest is less than \$1.

(b) Subject to the provisions of subsection (4)(a)(i), if the return is filed after the time prescribed for filing in 15-30-2604, including any extension, interest is payable from the date the return was filed.

(5) An overpayment not made incident to a bona fide and orderly discharge of an actual income tax liability or one reasonably assumed to be imposed by this law is not considered an overpayment with respect to which interest is allowable."

**Section 2.** Section 15-31-509, MCA, is amended to read:

**"15-31-509. Periods of limitation.** (1) Except as otherwise provided in 15-31-544 and this section, a

deficiency may not be assessed or collected with respect to the year for which a return is filed unless the notice of additional tax proposed to be assessed is mailed within 3 years from the date that the return was filed. For the purposes of this section, a return filed before the last day prescribed for filing is considered as filed on the last day. When, before the expiration of the period prescribed for assessment of the tax, the taxpayer consents in writing to an assessment after the time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The limitations prescribed for giving notice of a proposed assessment of additional tax may not apply when:

(a) the taxpayer has by written agreement suspended the federal statute of limitations for collection of federal tax if the suspension of the limitation set forth in this section lasts:

(i) only as long as the suspension of the federal statute of limitation; or  
(ii) until 1 year after the final determination date or the date an amended federal return is filed as a result of the suspension of the federal statute, whichever is the latest in time; or

(b) a taxpayer has failed to file an amended Montana return, as required by 15-31-506 or a federal adjustments report as provided in 15-30-3403 or 15-30-3404, until 3 years after the final determination date or the date the amended federal return was filed.

(2) A refund or credit may not be allowed or paid with respect to the year for which a return is filed after 3 years from the last day prescribed for filing the return or ~~after 1 year from the date of the overpayment or filing time the tax was paid~~, whichever is later, unless before the expiration of the period the taxpayer files a claim for the refund or credit or the department has determined the existence of the overpayment and has approved the refund or credit. If the taxpayer has agreed in writing under the provisions of subsection (1) to extend the time within which the department may propose an additional assessment, the period within which a claim for refund or credit may be filed or a credit or refund allowed in the event a claim is not filed is automatically extended.

(3) Except for final federal adjustments required to be reported for federal purposes by taking those adjustments into account in the partnership return for the year of the adjustment, a taxpayer may file a claim for refund or credit of tax on or before the later of:

(a) the expiration of the period provided for in subsection (2), including any extensions; or  
(b) 1 year from the date a federal adjustments report described in 15-30-3403 or 15-30-3404, as

applicable, was due to the department, including any extensions.

(4) If a claim for refund or credit is based upon an overpayment attributable to a net loss carryback adjustment as provided in 15-31-119, in lieu of the 3-year period provided for in subsection (1), the period must be the period that ends with the expiration of the 15th day of the 41st month following the end of the tax year of the net loss that results in the carryback.

(5) If the year of the net operating loss is open under either state or federal waivers, the year to which the loss is carried back remains open for the purposes of the loss carryback and for 12 months following the expiration of the state or federal waiver, even though the claim would otherwise be barred under this section."

**Section 3. Effective date.** [This act] is effective October 1, 2023.

**Section 4. Applicability.** [This act] applies to claims for a refund or credit received by the department of revenue on or after [the effective date of this act].

- END -

I hereby certify that the within bill,  
SB 65, originated in the Senate.

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Secretary of the Senate

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2023.

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2023.

SENATE BILL NO. 65

INTRODUCED BY D. ZOLNIKOV

BY REQUEST OF THE DEPARTMENT OF REVENUE

AN ACT REVISING THE STATUTE OF LIMITATIONS FOR INCOME TAX REFUNDS AND CREDITS; PROVIDING CONFORMITY WITH THE INTERNAL REVENUE CODE; AMENDING SECTIONS 15-30-2609 AND 15-31-509, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.