



December 6, 2007

TO: Revenue and Transportation Interim Committee Members
FROM: Montana Society of CPAs State Taxation and Legislative Committees
SUBJECT: Report on meeting with the Department of Revenue

The Department of Revenue (DOR) and the Montana Society of CPAs (MSCPA) State Taxation and Legislative Committee met on November 2nd to discuss the white paper given to the Revenue and Transportation Interim Committee in August. This meeting provided an opportunity to reopen the channels of communication between the MSCPA and DOR.

The main source of confusion between our groups was we didn't fully understand each other's respective structure. The MSCPA clarified its structure of two committees: the State Taxation Committee which assists in the operational side of state tax administration; and the Legislative Committee which is organized primarily to assist with the biannual legislative sessions and other legislative issues as necessary. The DOR also clarified its structure and offered to provide the MSCPA with a listing of key personnel and their given areas of expertise and responsibilities so tax preparers can contact the appropriate person.

Both the DOR and MSCPA worked together to develop a list of action items, which is attached for your review. The overall premise of these action items relates to improving communications with taxpayers and tax preparers. Director Bucks mentioned in the meeting that he is always seeking to find ways to better communicate with taxpayers. The MSCPA fully supports Director Bucks in this effort and is looking forward to assisting him in any way possible. In addition to the action items:

- MSCPA recommended the DOR make advance notification of audit, examination, or review focus similar to the IRS. The DOR is currently reviewing its internal procedures and will be meeting with MSCPA members to address their concerns.
- DOR updated us on the TAP program and we were excited about the ability to access and review taxpayers accounts (under certain conditions) – tax payments applied and made, tax, etc.
- Director Bucks asked about our interest in tax simplification – possibly married filing jointly tax rates in order to eliminate the married filing separate on same return option, eliminating little used credits, etc. MSCPA has historically worked for and supported tax simplification efforts and would be interested in continuing.

We are encouraged by this re-establishment of communications with DOR and look forward to further building our lines of communications to accomplish our common goal of a tax system that is fair and simple for all taxpayers.

Montana Society of CPAs and Montana Department of Revenue Liaison Meeting
November 2, 2007 – 9 a.m. to 4:00
Great Northern Best Western Hotel, Helena

ACTION ITEMS

1. Dan Bucks and Duane Moulton will work together to produce a report to the Interim Revenue and Transportation Committee (RATIC) on the results of today's meeting. RATIC's next meeting is December 6 & 7, 2007. [completed]
2. DOR will provide MSCPA with the IRS letter detailing the advised treatment of 1099Gs. [completed]
3. DOR and MSCPA will each designate 2 to 3 people to serve on a 'check the box working group' to discuss and recommend solutions regarding when calls go from DOR to tax preparers. This working group will produce a written report with recommendations by December 15, 2007.
4. DOR will produce a list of personnel – including areas of expertise, responsibilities -- with names, phone numbers, email addresses so tax preparers will have contact information for advance tax questions.
5. Margaret Kauska will 1) explore secure email options for preparers and 2) ask Fast Enterprises if there is a way to set up a form online for practitioners to enter questions to DOR personnel. This would be secure and protect taxpayer privacy rights and allow DOR personnel and practitioners to streamline communications.
6. DOR will see if they can add calculations to taxpayer notices so recipients will be able to understand how DOR figured tax changes – like the IRS CP2000. *DOR already plans to add line #s to letters.*
7. DOR will look at improving language for letters seeking information from taxpayers.
8. MSCPA and DOR will hold their annual liaison meeting earlier in the year (May or June) in order to discuss forms before they must be finalized (July 15th).
9. MSCPA will assist DOR in communications to tax practitioners via all available methods including: Line Items (quarterly published newsletter); E-Connect (email newsletter published weekly); committee meetings; annual meeting and Chapter meetings.
10. MSCPA and DOR will discuss possible tax simplification legislation for the 2009 session (including married filing joint rates) – deadline is February 2008.