

State income tax reduced for 2015; filing season begins

By Tammy Jo Taft—January 23, 2016

MAYVILLE, ND—North Dakota Tax Commissioner Ryan Rauschenberger said people filing 2015 taxes with the state may see a slightly larger refund than initially expected.

“The income tax was reduced and people who didn’t change their withholding halfway through the year may see a bigger refund from the state than expected,” Rauschenberger said.

The new state income tax rate is 2.9% for the highest bracket and 1.1% for the lowest. Rauschenberger said the rate is half of the rate in 2008.

Local tax professional and instructor at Mayville State University Dustin Olson said state income tax is so low already, most people will not see a significant change in their expected refund.

Regardless of expected refund, Olson said it’s important to keep all tax-related documents. Losing a document like a Social Security statement or proof of healthcare from the government can make filing difficult. “Make sure to keep anything that shows up and says, ‘important tax information,’” Olson said.

Employers have until the end of January to send out income tax information. Employers and insurance companies have until March to send out documentation about health insurance.

Filing taxes relating to the two-year-old federal healthcare mandate is one of the most difficult parts of a return, Olson and tax professional Wanda Lee said.



LEFT: Wanda Lee shows where to list and claim dependants on the income tax filing form. Law allows parents to claim dependents until they are 24 years old if they meet certain income requirements. This, and other tuition credits, can be helpful for parents with college students.



Photo by James R. Johnson | TRIBUNE
Dustin Olson speaks to his Business Income Taxation class at Mayville State University. Olson said it’s important for tax filers to guard their personal information like their social security number to prevent tax fraud. North Dakota Tax Commissioner Ryan Rauschenberger said there was a significant increase in fraudulent filings across the nation last year.

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Last year people with healthcare through the federal government couldn't file taxes until February because they needed documentation to support the return. The documentation is important, Lee said, because the penalties for being medically uninsured have increased.

The new healthcare law also gives tax breaks for those who qualify. Lee said it's important to understand what it takes to qualify and what to do if you applied for the credit at the beginning of the year, but exceeded the income cap required for the tax break.

That is a question a tax professional can help with, she said. That is one of the reasons, she and Olson, said a real-life tax professional can be helpful to some filers.

"In some ways you can't replace interaction with a human being," Olson agreed.

Both noted various tax credits that people may be eligible for that automated tax filing software may not prompt them to claim.

"If you are self-employed and paying for your own health insurance or if you have children in college you can still claim as dependents are some credits people can possibly claim," Lee said. She has been a tax professional for 17 years.

In that time, she has seen a lot of changes in tax code and filing methods.

Now, almost every return is filed electronically. Even though the filing is done online, Lee encourages her customers to keep their returns for at least seven years.

"An audit can typically go back three years and further if they suspect fraud," she explained.

Tax fraud with filings is a serious concern for Rauschenberger and the staff at the tax commissioners office.

"We have seen an increase in theft," he said. Thieves will file tax returns using information like a Social Security number and address without someone's knowledge. Then, when the real individual goes to file their tax documents, the system shows they have already filed a return.

"That's quite a shock for some," he said. "We have a number of practices and methods set up to stop fraud."

Tax refunds will be delayed this year as his office is spending extra time to ensure they are going to the correct person.

There are also steps residents can take to make sure their refund gets to them.

"Electronic filing is still the best, but file as early as you can," he said. "If you are in the system and someone else tries to file with your information it will throw a red flag up for us so we can investigate. That is key."

Olson said it's also important for people to guard their information

"Be careful with your Social Security number and be careful about what you send over e-mail," he said.

Beyond that, Olson said tax season takes planning and patience.

"If you wait until March, tax professionals may stop taking appointments by then," Olson said. "Everyone has their limit and there is only so much you can do."

Lee said the season is already starting to get a little busy.

"Tuesday was the first day we could e-file," she said, "and I did four returns already."