Indian Tribal Governments

ITG NEWS

Keeping First Nations Informed

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Director's Message

It's amazing how much we have accomplished and experienced together in 2011!

The last quarter has been particularly busy. We appreciate your comments and input regarding Governmental Plans, Tribal Economic Development Bonds and the General Welfare Exclusion for Tribal Benefit programs. If you haven't already done so, please take a look at the new Revenue Procedure we posted on IRS.gov which updates Indian Gaming Regulatory Act (IGRA) trust guidance.

And we closed out the year with the 3rd White House Tribal Nations Conference. The ITG staff appreciated getting to meet with many of you once again. We believe in the value of relationships, and we hope to continue building upon the trust we have built together.

As always, we welcome your questions and suggestions. You can always send us an e-mail to tege.ask.itg@irs.gov. You can also contact your ITG Specialist.

Thank you for continuing to work with us, and we wish you a Happy New Year!

Sincerely,

Christie Jacobs, Director

White House Tribal Nations Conference

President Obama invited Tribal leaders to attend the annual White House Tribal Nations Conference in Washington D.C., November 30 – December 2.

As part of President Obama's ongoing outreach to Native American and Alaska Native peoples, the conference provided leaders from the 565 federally recognized tribes the opportunity to interact directly with the president and representatives from the highest levels of his administration. He invited each federally recognized tribe to send one representative to the conference.

The conference hosted several events throughout the week, to include remarks by the president on Friday December 2.

As part of the week's events, the IRS held two consultation events with tribal leaders:

- Wednesday, November 30 – General Welfare Consultation
- Thursday, December 1 – Pension Plan Act Consultation

Noted IRS leadership attended the conference, to include:

- Joseph Grant, Acting Commissioner, Tax-Exempt Government Entities
- Indian Tribal Governments Staff Members
- Chief Counsel Members
- Treasury Officials

This was the third White House Tribal Nations Conference for the Obama Administration, as part of the federal government's efforts to build upon the commitment to strengthen the government-to-government relationship with Indian Country.

ITG Announces Updated Indian Gaming Regulatory Act Trust Guidance

The IRS recently released Revenue Procedure 2011-56 that provides updated Indian Gaming Regulatory Act (IGRA) trust guidance. This revenue procedure supersedes Revenue Procedure 2003-14.

Under IGRA, an Indian tribe may make per capita payments from gaming revenues to tribal members including minors and other legally incompetent persons. However, the tribe must protect and preserve the minor and legally incompetent members' interests. Indian tribes frequently use IGRA trusts to accomplish this.

In 2003, the IRS released Revenue Procedure 2003-14. It provided safe harbor requirements for IGRA trusts. The IRS treats IGRA trusts meeting these requirements as tribally-owned grantor trusts. The beneficiaries' incomes do not include the per capita payments or trust earnings until they actually or constructively receive the funds.

In addition to providing a safe harbor, Revenue Procedure 2003-14 sought public comments on the safe harbor requirements. After receiving and considering numerous comments, the IRS published Revenue Procedure 2011-56. The revenue procedure does the following:

- Clarifies that an IGRA trust must be an ordinary trust for federal tax law purposes
- Clarifies that trustees may make staggered distributions to beneficiaries at different ages or when specific events occur rather than distributing all the trust assets when the beneficiary attains a specified age
- State or tribal law now determines the trust's validity
- Broadens the class of survivors who may inherit a beneficiary's trust interest
- Modifies the trustee discretion provisions for making health and welfare distributions

Updated Instructions for Correcting or Amending Paper Bank Secrecy Act Forms

The October ITG News edition contained an article regarding FinCEN's proposed mandate to electronically file FinCEN forms required under the Bank Secrecy Act (BSA) beginning June 30, 2012.

FinCEN's business process continues to change due to its BSA IT modernization. This includes paper form instructions for filing corrections or amendments. When correcting or amending a previously filed paper report, filers must check the appropriate amendment or correction box ***and complete the form in its entirety*.** FinCEN strongly encourages filers to complete this process through our Bank Secrecy Act Electronic Filing (BSA E-Filing) System.

Before these changes occurred, some form instructions required filers to attach copies of previously filed reports to corrected or amended forms. Filers no longer have to do this.

FinCEN will soon update the amendment instructions for the following forms to reflect this filing change:

- TD F.90-22.1 - *Report of Foreign Bank and Financial Accounts*
- Form 8300 - *Report of Cash Payments over $10,000 Received in a Trade or Business*

After December 1, 2011, FinCEN will only accept corrections and amendments by filers who use the updated instructions.

To view specific correction or amendment instructions, please visit the forms webpage and select a specific form type.

Important: BSA E-Filing instructions pertaining to corrections and amendments have not changed. FinCEN encourages filers to submit corrections and amendments via the BSA E-Filing System. Some electronic forms require the input of a Document Control Number (DCN) for corrections or amendments. If the system requires a DCN but it is unavailable, filers should enter all "zeros" into the DCN field when submitting an electronic correction or amendment to a filing that was previously submitted via paper.

To learn more about electronically filing BSA forms, please visit the BSA E-Filing System webpage.

Guidance for the New Voluntary Worker Classification Settlement Program

We introduced the new Voluntary Classification Settlement Program (VCSP) in the October edition of the ITG News. We encourage you to take advantage of this opportunity if you are currently treating workers as independent contractors who you should classify as employees. This article follows up with additional information and guidance.

The IRS designed this program to be easy for employers. It should take very little of your time beyond filling out the Form 8952. An ITG specialist who understands Indian Tribal Government protocols will be reviewing all the applications and will work to maintain privacy and fairness.

Tribes and Tribally-owned entities are eligible to participate in this program as long as they meet the general requirements outlined below:

- You must have treated the workers consistently as independent contractors. For example, if there are cooks that you are thinking of re-classifying under this program, you must have treated them as independent contractors from the beginning and never have treated them as employees.

- You must have filed the required Forms 1099 for these workers for the past three years (unless you have not had that type of worker for that long). If you haven't filed them, then the IRS will exclude you from the program.

- Your entity cannot be under audit by the IRS, and you cannot be under audit by the Department of Labor or any state agency regarding the classification of workers.

Below are some things to keep in mind as you fill out the Form 8952:

- On Line 9, Tribal entities should check "Other" and put "Tribal Government" or "Tribally-owned Business"

- Part II – *Contact Person*
    - Put the person's name the ITG Specialist should contact about the application. Make sure the tribal leaders have authorized this person to discuss the Tribe's tax affairs or business with the IRS.
    - If the contact person is not an employee – such as the finance director, or treasurer – then you will need to complete a Form 2848 and include it with the Form 8952. You should complete the Form 2848 for this sole purpose and not replace it with any other Forms 2848 on file. Below are two of the most common errors found with Forms 2848 that have been submitted:
        - Line 3 – Under the "Type of Tax" put "Voluntary Classification Settlement Program." Leave blank the "Tax Form Number" and "Years or Periods" boxes. If you fill out these lines incorrectly, the Form 2848 will be invalid and we will ask you to prepare another one.
        - Line 4 – you must check this box. This tells the IRS that this Form 2848 is specifically for the Classification Program.

(New Voluntary Worker Classification Settlement Program continued)

- Part III – *General Information About Workers to be Reclassified*
  - Line 16 – You may classify more than one class of workers in the agreement. Include a description of the work done by each class of workers. For example – "cooks," "restaurant servers," "doctors," etc.
  - Line 17 – be sure that the date is at least 60 days in the future.

- Part IV – Payment Calculation
  - Do NOT send a check with your application. The IRS will not collect the money until you sign a Closing Agreement and return it to the ITG Specialist. If you send a check with the Form 8952, we will return it to you.

- Part V – Taxpayer's Representations
  - Make sure the entity meets all of the requirements in sections A & B.
  - Someone who is a responsible party of the Tribe or Tribally-owned business MUST sign the form. The Power of Attorney for the Tribe or Tribally-owned business cannot sign it.
  - If the entity pays someone other than an employee to fill out this form, that person must fill out the "Paid Preparer" section.

Once the IRS determines that the entity qualifies to participate in the program and the Forms 8952 or Form 2848 have been completed, the ITG specialist will prepare the agreement and send it to you for a signature. The time frame for returning the signed agreement and payment is 30 days. Once the agreement is in place and the start date has arrived, IRS will expect the employer to treat the covered workers as employees. Click here for full details and frequently asked questions regarding the VCSP. You can also view Announcement 2011-64 on IRS.gov.

Valuing Personal Use of Employer-Provided Vehicle

Do you provide your employees with a vehicle for business purposes? Do they sometimes drive it for personal use? Depending upon the circumstances, the way your employees use these vehicles can determine if you should add value to their Form W-2s as taxable wages. Under the general valuation rule for fringe benefits, you can add the fair market value (FMV) as income to your employee's Form W-2. This generally means the lease value of the vehicle, but other rules may apply in certain circumstances. See Treasury Regulations; Section 1.162-2(d), *Reimbursements and Other Expense Allowance Arrangements* and Treasury Reg. Section 1.132-5(b), *Working Condition Fringes.*

Below are three Automobile Valuation Rules that you can use to determine how much income to add to your employees' Form W-2s:

- Automobile Lease Valuation Rule – Treasury Reg. Section 1.61-21(d)
- Vehicle Cents-Per-Mile Rule – Treasury Reg. Section 1.61-21(e)
- Commuting Rule – Treasury Reg. Section 1.61-21(f)

(Valuing Personal Use of Employer-Provided Vehicle continued)

Below are the general requirements for using these special valuations:

- You and your employee must timely report personal use as wages.
- Generally the rules are applied on a vehicle-by-vehicle basis.
- You may use different rules for different vehicles.

Please refer to the Treasury Regulations, Section 1.61-21, *Taxation of Fringe Benefits* for more information.

Let's address each rule.

Part I - Automobile Lease Valuation Rule

Compute the value as follows:

1. Determine the vehicle's fair market value on the first day you gave it to your employee.
2. Use the table in Treasury Reg., Section 1.61-21(d)(iii) or Publication 15-B to compute the annual lease value.
3. Multiply the annual lease value by the percentage of personal use computed in Step 1.
4. If you provide fuel for the vehicle, then add 5.5¢ per mile to the table lease value.

Maintenance and insurance costs are included in the lease value computation.
Note: You can include other costs in the vehicle's FMV such as tax, title, etc. See the Treasury Regulations, Section 1.61-21(d)(5) for more information.

Example: Joe, an employee of Tribe XYZ, uses an agency-provided car. In 2011 Joe drives the car 20,000 miles, of which 4,000 were personal miles or 20% (4,000/20,000 = 20%):

FMV of the car	$14,500	
Annual Lease Value	$4,100	
Personal use %	20%	
Personal Use Amount	$820	($4,100 x 20%)
Fuel Costs	$220	(5.5¢ x 4,000 miles)
Total to include in Joe's wages	$1,040	($820 + $220)

Recalculation of Value after 4-Year Lease Term: Once computed, the Annual Lease Value remains in effect through December 31 of the 4th full calendar year after the rule is first applied.

Transferring to Another Employee: If you transfer the vehicle to another employee, you may recalculate the annual lease value based on the fair market value as of January 1 of the year of transfer. You are not allowed to do this if the primary purpose of the transfer is to reduce federal tax liability. See the Treasury Reg., Section 1.61-21(d)(2).

Daily Lease Value: If the vehicle is available to your employee for less than 30 days, you must use this method.

Calculation

Annual Lease Value x (4x the number of days ÷ 365) = Daily Lease Value

(Valuing Personal Use of Employer-Provided Vehicle continued)

You can apply a prorated annual lease value for a period of continuous availability of less than 30 days by treating the automobile as if it had been available for 30 days. You can use a prorated annual lease value if the amount is less than applying the daily lease value to the shorter period of availability. See Treasury Reg., Section 1.61-21(d)(4).

Fleet Average Value: If you have 20 or more cars used for your employees to use for business, you can use a "fleet average value" to calculate the annual lease valuation. For 2011, each vehicle must be valued at less than $20,300 (For trucks and vans, the amount is $21,200). See Treasury Reg., Section 1.61-21(d)(5)(v) or Revenue Procedure 2011-11

Part II - Vehicle Cents-Per-Mile Rule

To use this rule, the vehicle must meet one of the following tests:

- Your employees use it regularly (50% or more each year) for the business.
- Generally, the vehicle is used each workday to transport at least three employees to and from work or in an employer-sponsored commuting vehicle pool.
- Employees drive it at least 10,000 miles per year.

See Treasury Reg., Section 1.61-21(e).

Continued Usage Rule: You must continue using the cents-per-mile rule for the vehicle for all later years, except you can use the Commuting Valuation Rule *(see Part III – Commuting Valuation Rule)* for any year the vehicle qualifies. However, if the vehicle does not qualify for the cents-per-mile rule during a later year, you can use one of the other valuation rules.

Limitation on Value: For 2011 you cannot use the cents-per-mile valuation rule for cars with a fair market value that's more than $15,300. The limit for trucks and vans is $16,200. *Note: This amount is revised annually.* See Revenue Procedure 2011-11 or Treasury Reg., Section 1.61-21(e)(1); Treasury Reg. 1.280F(d)(7).

Calculation - multiply the standard mileage rate by number of personal miles driven. If you don't provide fuel, the standard mileage rate can be reduced by up to 5.5 cents.

The 2011 standard mileage rates are:

- 51 cents for period January 1 – June 30
    - 45.5 cents when reduced by 5.5 cents
- 55.5 cents for period July 1 – December 31
    - 50 cents when reduced by 5.5 cents

Example: Assuming all mileage was incurred prior to June 30, 2011, Joe drives his agency-provided car for 2,000 personal miles in 2011. His employer adds $1,020 (51 cents x 2,000 personal miles) to his wages. If his employer doesn't provide fuel the amount would be $910 (45.5 cents x 2000 miles).

(Valuing Personal Use of Employer-Provided Vehicle continued)

Part III - Commuting Valuation Rule

With this rule, you can value your employee's personal use at $1.50 each way if all of the following conditions are met:

- You own or lease the vehicle.
- You provide the vehicle to your employee for business use.
- You require your employee to commute in the vehicle for bona fide non-compensatory business reasons.
- You have a written policy prohibiting personal use other than commuting.
- Your employee does not use the vehicle for other than *de minimis* personal use.
- Your employee is not a control employee (please see explanation below regarding control employees). See Treasury Reg., Section 1.61-21(f)(6).
- If more than one employee commutes in the vehicle, the $1.50 each-way rule applies to each employee. See Treasury Reg., Section 1.61-21(f).

Note: You must require your employee to use the vehicle for a business purpose; it cannot be voluntary on the employee's part. For example, you require your transportation employee who is on call 24 hours a day to respond to road emergencies in a vehicle you provide outfitted with communications or other equipment that he or she would need if called out at night.

Control Employees: You cannot apply this rule to a "control employee." A control employee in a governmental organization is one of the following:

- Elected official
- Employee whose compensation is at least as great as a federal government employee at Executive Level V (for 2011 - $145,700)

You can also treat all your employees who are "highly compensated" as control employees. Generally for 2011, that equates to those making more than $110,000. See Publication 15-B, page 25.

Example: An agency in a rural area doesn't have secure parking and has had a history of vandalism to its vehicles. The employer requires employees using the vehicles for the day on business to take the vehicles home overnight. The trip home and to the office the next day is considered taxable personal commuting. Using the Commuting Valuation Rule, the employer calculates the value as $1.50 each way since the employee had a valid non-compensatory business reason for commuting in the employer's vehicle. If this was an unusual situation for the employee – for example, this generally occurs no more than once a month - the commuting could be considered a nontaxable *de minimis* fringe benefit.

Example: An agency requires an employee to take home a van to carry displays and equipment to a trade show the next day. In this situation, the Commuting Valuation Rule applies again. The employer calculates $1.50 value for the trip from the office to home since the agency is requiring the employee to use a specific vehicle for valid business reasons. This is assuming the conditions listed above are met. If this was an unusual situation for the employee – for example, this generally occurs no more than once a month - the commuting could be considered a nontaxable *de minimis* fringe benefit.

The Form W-9 from the Payer Perspective

Imagine you have a new vendor that you're setting up on your accounting system. The vendor sends you a Form W-9, *Request for Taxpayer Identification Number and Certification.* Is the form acceptable? Does it provide all the necessary information to set up the vendor?

Two areas seem to give our customers concern:

- What kind of federal tax classification is the vendor?
- Do I need to do backup withholding?

Both are very important questions. Let's address each one.

What kind of federal tax classification is the vendor?

There are six classifications on the Form W-9. The vendor should choose one of the following:

- Individual/Sole Proprietor
- C Corporation
- S Corporation
- Partnership
- Trust/Estate
- Limited Liability Company

If they fail to choose one of these classifications, either treat them as a type of entity that requires a Form 1099 at year end or contact the vendor to confirm their federal tax classification.

Which federal income tax form does the vendor file?

- Individuals or sole proprietors - Form 1040
- Corporations - Form 1120 or Form 1120S
- Partnerships - Form 1065
- Trust or Estates - Form 1041

The confusion most of us have is with Limited Liability Companies (LLCs). An LLC is an entity formed under state law when articles of organization for Limited Liability Company are filed. *An LLC is not a federal tax classification.*

An LLC may be classified for federal income tax purposes as one of the following:

- Sole proprietorship (referred to as a disregarded entity owned by an individual)
- Partnership
- Corporation

If the LLC has only one owner, it will automatically be treated as a sole proprietorship unless an election is made to be treated as a corporation.
If the LLC has two or more owners, it will automatically be considered a partnership unless an election is made to be treated as a corporation.

(Form W-9 continued)

If the LLC doesn't elect its classification, a default classification of partnership (multi-member LLC) or sole proprietorship (single-member) will apply.

So if the vendor doesn't enter a tax classification next to Limited Liability Company, you either treat them as a type of entity that requires a Form 1099 at year end or contact them to confirm their federal tax classification.

The Form W-9 instructions tell the person filling out the form to check "Exempt Payee" if they are "exempt" from backup withholding. Most providers leave this box blank because they don't understand the question. Exempt payees can include tax-exempt entities, such as governmental entities like states, tribes and pueblos.

Corporations may be exempt from backup withholding for certain payments. However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding:

- Medical and health care payments
- Attorneys' fees
- Gross proceeds paid to an attorney

Do I need to do backup withholding?

If the Form W-9 isn't complete, you must do backup withholding until the vendor provides you a properly completed form.

Certain conditions apply which require you to withhold a certain amount of money to pay federal tax to the IRS when you pay a vendor. This is called *backup withholding.* Payments that may be subject to backup withholding include the following:

- Interest
- Tax-exempt interest
- Dividends
- Broker and barter exchange transactions
- Rents, royalties, nonemployee pay
- Certain payments from fishing boat operators

Real estate transactions are not subject to backup withholding.

The vendor will not be subject to backup withholding on payments you make to them if they give you their correct Tax Identification Number (TIN) and make the proper certifications.

Other Items to Consider

Notices from the IRS. The IRS will send you a notice if the payee's name and TIN on the information return you filed don't match the IRS's records. You may have to send a "B" notice to the payee to solicit another TIN. Publication 1281, *Backup Withholding for Missing and Incorrect Names/TIN(s)*, contains copies of the two types of "B" notices.

(Form W-9 continued)

Taxpayer Identification Number (TIN) Matching. TIN matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, INT, K, MISC, OID, and/or PATR to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN matching is one of the e-services products that the IRS offers. Go to www.IRS.gov and enter "e-services" in the search box. Payers who validate the TIN and name combinations before filing information returns will likely receive fewer backup withholding (CP2100) notices and penalty notices.

How to Report Tribal Distributions on Your 2011 Tax Return

If you are a member of a federally recognized tribe, you may receive taxable distributions from your tribe. The tribe must report these distributions to the IRS - and to you on Form 1099-MISC.

When you file your 2011 federal tax return, you must include information from your Form 1099-MISC. Below is some important information you must use when filing your 2011 federal income tax return:

- Use Form 1040; not Form 1040A or Form 1040EZ.
- Enter tribal distributions from Form 1099-MISC, Box 3 on Line 21, Form 1040.
- Include a description of the income in the space provided on Line 21.
- The correct description will allow the return to process as quickly as possible! For paper or e-file returns, please enter one of the following descriptions on Line 21:
    - Indian Gaming Proceeds
    - Indian Tribal Distributions
    - Native American Distributions
    - Indian Tribal Income
    - Alaska Permanent Fund
- On Line 62, *Federal income tax withheld from Forms W-2 and 1099*, enter the amount reported in Box 4 of your Form 1099-MISC.

In recent years, despite everyone's best efforts, there were some problems processing tax returns that included per capita distributions and withholding. The individuals who prepared their returns according to these guidelines were able to quickly resolve those problems and receive their tax refunds with minimal delay.

If you are a tax return preparer or tribal member liaison and think you are seeing systemic processing issues, please contact your local ITG Specialist for assistance.

Helpful Hints for Year-End Reconciliation of Forms W-2 & 941

Before you give your employees their Form W-2s and before you file your 4th quarter Form 941, you should reconcile of the amounts reported on these forms.

First, figure the total annual wages paid and the total federal tax withheld from all four quarters of Form 941. Next, compute the total wages and total tax withheld from all Form W-2s. Compare the respective amounts.

You can use the table on the next page to help you reconcile your Form 941s and W-2s at year end.

If you find a discrepancy, you should review your payroll records and identify the necessary adjustments to the Forms W-2s, 941s, or both.

Here are a few scenarios to consider when you find that your W-2's and 941's don't reconcile.

If the wages are higher on Forms 941:

- Are you missing one or more Form W-2's?
- Did you manually change any payroll items for one or more employees on your payroll software? If so, the payroll software may not have properly computed final wages.

If the wages are higher on Forms W-2:

- Did you forget to include the tribal council member stipends on the Form 941's?
- Did you manually change any payroll items for one or more employees on your payroll software? If so, the payroll software may not have properly computed final wages.
- Did one or more employees' wages not get reported on the Form 941 for any particular payday during the year?

If the wages match but the taxes don't, check each employee's Form W-2 for the following:

- Social security tax (box 4) is 4.2% of the social security wages (box 3).
- Medicare tax (box 6) is 1.45% of the Medicare wages (box 5).
- Federal income tax has obvious errors such as more tax than wages or zero withholdings when you believe federal income tax was withheld.

If you still cannot find the error(s):

- Go through the payroll records of the employees who had one of the following:
  - The highest probability of errors
  - The highest wages
  - Payroll changes or manipulations during the year
- If you had a temporary bookkeeper processing payroll, go through those pay period records to find possible errors.
- If necessary, go through all payroll records, quarter by quarter, until you find the error on the Forms W-2's, Forms 941 or both.

Year-end Reconciliation Worksheet for Forms 941, W-2, and W-3

- Annual amounts from payroll records should match the total amounts reported on all Forms 941 for the year.
- Total amounts reported on all Forms 941 for the year should match the sum of the same data fields shown in W-2/W-3 totals.
- If these amounts do not match, recheck records and identify necessary adjustments.

a	b	c	d	e	f	(c-e)
Comparison Area	**941 Line#**	**Form 941 (all 4 quarters)**	**W-2, W-3 Box #**	**W-2s (total of all forms)**	**Amount on W-3**	**Difference (col c minus col e)**
Compensation	Line 2		1			
Federal Income Tax	Line 3		2			
Social Security Wages	Line 5a Column 1		3			
Social Security Tips	Line 5b Column 1		7			
Social Security Tax	Line 5a + 5b Column 2					
Social Security Tax Comparison Computation	Line 5a + 5b x (4.2/10.4)		4			
Medicare Wages	Line 5c Column 1		5			
Medicare Tax	Line 5c Column 2					
Medicare Tax Comparison Computation	Line 5c divided by 2		6			

Annual Tax Forms

There are several annual tax forms that Indian Tribal entities are commonly required to file during this 1st quarter of the year. The table below lists some but not all of these required filings. A tribe has to file electronically when submitting more than 250 forms (ex. Forms W-2, W-2g, 1042-S, 1099). Penalties apply for not filing and furnishing timely. If you need further clarification, please contact your ITG Specialist.

Form #	Title	Filing Deadlines	
		Mail	Electronic
943	Employer's Annual Federal Tax Return for Agricultural Employees	Jan 31	NA
945	Annual Return of Withheld Federal Income Tax	Jan 31	NA
1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Mar 15	NA
1042-S*	Foreign Persons U.S. Source Income Subject to Withholding	Mar 15*	Mar 15
1042-T	Annual Summary & Transmittal of Forms 1042-S	Mar 15	NA
1099-MISC*	Miscellaneous Income	Feb 28*	Apr 2
1096	Annual Summary & Transmittal of U.S. Information Returns	Feb 28	NA
8027	Employers Annual Information Return of Tip Income & Allocated Tips	Feb 29	Apr 2
8027-T	Transmittal of Forms 8027	Feb 29	NA
W-2*	Wage & Tax Statement	Feb 29**	Apr 2
W-3	Transmittal of Income & Tax Statements	Feb 29**	Apr 2
W-2G	Certain Gambling Winnings	Feb 28*	Apr 2

* Furnish Forms 1099, W-2, & W-2G to recipients by Jan 31, and Forms 1042-S by Mar 15.

** File Forms W-2 and W-3 with the Social Security Administration.

Outreach Successes

Western

Western Area ITG's partnership with the National Indian Gaming Commission prompted another invitation to present on Title 31 topics. Whereas the prior NIGC event was in Northern California, this event was at Harrah's Rincon Casino in Valley Center (San Diego County). ITG Specialist Scott Karafin presented *Title 31: BSA (Bank Secrecy Act) Exams & Internal Audits* on October 26. The attendees included gaming commission internal auditors, inspectors, and surveillance as well as compliance officers representing numerous Tribes - mostly from Southern California.

His presentation served as a follow up to the one he gave in August at the Anti-Money Laundering (AML) Symposium in Southern California. He used this conference to focus on how internal auditors can incorporate recent IRS BSA exam findings into their Title 31 audit plan. He suggested auditing techniques to test the Tribal Title 31 program while considering BSA Exam findings.

Areas emphasized include the following:

- Testing for recurrence of BSA exam findings
- Ensuring casinos develop and update risk assessments and apply to their written program
- Verifying the written program - specifically the training material - adequately covers SARC filing
- Reviewing SARC incident reports and non-filing determinations
- Interviewing employees to gauge training effectiveness

ITG appreciates the NIGC's invitations and coordination and thanks the Rincon Gaming Commission for hosting this event.

The Inter-Tribal Council of Nevada (ITCN) held their 46th annual conference in Reno, Nevada November 14-17. Mark Betzler and Jon Trexel represented ITG for this important event.

The ITCN is a nonprofit organization serving member reservations and colonies in Nevada. They act as a large political body for the individual Nevada tribes and manage federal and state-funded programs aimed at improving the community. This year's convention featured 27 tribes from Nevada, including their respective chairperson and tribal members, educators, workshop speakers and city, state, and federal officials. The conference focused on aligning community-based programs that provide the necessary resources to nurture the health, educational, cultural, economic, and environmental aspects of the tribal communities.

(Outreach Successes continued)

Western Area ITG relies on this conference to connect face-to-face with Nevada's distant and geographically dispersed tribes. This year ITG spearheaded a tailored approach to their outreach method by hosting an information booth. The ITG specialists were available to tribal employees, council members, and individual tribal members in an open forum structure to answer individual questions. This enhanced outreach to all of the Nevada tribes who sought advice and information at a single event and ensured their time was spent addressing the concerns that were most relevant to their customers.

ITG appreciates this outreach opportunity and looks forward to ongoing communication with key tribal officials from all Nevada tribes.

Southwest

This quarter was very productive for the Southwest Group. The Tucson office held two 2-day *Basic Employment Tax* workshops on October 25th-26th and October 27th-28th. Twenty attendees from various tribal entities participated.

The positive interaction from these workshops generated a greater turnout at the *Advanced Employment Tax* workshop, a 4-day session, also at the Tucson office from November 15th-18th. ITG invited guest speakers from a tribal law enforcement agency of the Arizona Department of Public Safety. State police and IRS criminal investigators presented *White Collar Crime* lessons to the 27 attendees. Once again, ITG received positive feedback along with requests to repeat the training in the future so that more tribal entities can benefit.

Upcoming Alaska Training Opportunities

ITG will be offering the following workshops at the IRS office located at 949 East 36th Avenue, Anchorage:

Basic Employment Tax Workshop – offered three different weeks!

- March 27-29, 2012; 8:30 a.m. - 4:30 p.m.
- April 3-5, 2012; 8:30 a.m. - 4:30 p.m.
- April 10-12, 2012; 8:30 a.m. - 4:30 p.m.

Topics:

- Defining employees vs. independent contractors
- Computing the correct taxes for payroll
- Completing Form 941, *Quarterly Employment Tax Return*
- Making federal tax deposits
- Due dates on tax returns
- Completing Forms W-2/W-3 and 1099/1096
- Reconciling Forms 941 and W-2 at year end
- Avoiding penalties
- Meeting rules for an Accountable Plan for per diem & travel reimbursements
- Alaska Department of Labor Quarterly Contribution Report - guest speaker

Pull Tab/Gaming Workshop – offered three different weeks!
In conjunction with the above, a full-day session on pull tab and gaming filing requirements will be held on each of the following Mondays:

- March 26, 2012; 8:30 a.m. - 4:30 p.m.
- April 2, 2012; 8:30 a.m. - 4:30 p.m.
- April 9, 2012; 8:30 a.m. - 4:30 p.m.

Space is limited; we can accept up to 30 reservations for each session. Please e-mail Judy.M.Pearson@irs.gov for additional information or to register. Please respond by February 29th for the Basic Employment Tax Workshop and/or the Pull Tab Gaming Workshop.

Upcoming Arizona Training Opportunities

ITG will be offering the following workshops at the IRS office located at 300 West Congress Street in Tucson: Conference Room B.

Basic Employment Tax Workshop – offered three times!
- May 23-24, 2012; 8:30 a.m. - 4:30 p.m.
- August 15-16, 2012; 8:30 a.m. - 4:30 p.m.
- October 10-11, 2012; 8:30 a.m. - 4:30 p.m.

Topics:
- Defining Employees vs. Independent Contractors
- Computing the correct taxes for payroll
- Completing Form 941, Employer's Quarterly Federal Tax Return
- Making Federal tax deposits
- Due dates on Tax Returns
- Completing Forms W-2/W-3 and 1099/1096
- Reconciling Forms 941 and W-2 at year end
- Avoiding Penalties
- Meeting rules for an Accountable Plan for Per Diem & Travel Reimbursements
- The IRS Collection Process
- How the IRS and Social Security Administration interact
- Introduction to the Volunteer Income Tax Assistance (VITA) Program, how to get involved

Advanced Payroll Topics Workshop – offered three times!
- June 5-8, 2012; 9:00 a.m. - 4:00 p.m.
- August 28-31, 2012; 9:00 a.m. - 4:00 p.m.
- October 23-26, 2012; 9:00 a.m. - 4:00 p.m.

Topics:
- Detecting Fraud
- Foreign Workers
- Fringe Benefits
- IRS Collection and Notices
- Job Training Payments/Compensation
- Loans to Tribal Members
- Money Service Businesses (MSB)
- Non-employee Honorariums & Travel Reimbursements Payroll Advances
- Accountable and Non-accountable Travel Accounts
- Reporting 401-K contributions on the Forms 941 and W-2
- Scholarships
- Third-Party Sick Leave
- Tips & Tip Reporting

Space is limited; only 30 reservations will be accepted for each session. Please e-mail Tricia.L.Miller@irs.gov or Michelle.L.Risk@irs.gov for additional information or to register.