

ITG News



Keeping First Nations Informed

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Before You File Forms 1099 and W-2G

Have you ever had to resolve TIN/name mismatch notice problems? Do you know what is required in order to avoid mismatch penalties in the future?

Although information return filing and mismatch penalties have been topics of discussion in this newsletter several times, here is one more pre-filing tip that you can implement NOW that may help you avoid problems in the future...

- ◇ Check your 1099/W-2G data before you file your information returns.
- ◇ Run a report with a “sort” by TIN to look for numbers that have more than one name associated with them.
- ◇ Then, run those reports again with a “sort” by name—do you have any names on that list that have more than one TIN?

Is there a difference in TIN that could be attributed to an input error or a transposed number? Are there any transactions with no TIN or an obviously improper TIN?

If you run these reports NOW, you will have time to resolve the identified discrepancies before the information returns are due.

Double-check the information obtained from the customer at the time of the transaction—do you have copies of documents in your files that can resolve the difference? Can you contact the customer to request a confirmation of the proper information?

Along with proper identification procedures at the time of the transaction and proper follow-up procedures when you have been notified by IRS of a potential mismatch, attempting to resolve a problem before filing can help you establish a reasonable basis for waiver of a mismatch penalty...and perhaps reduce or even eliminate the notices altogether!



Double check the information obtained from the customer at the time of the transaction...

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FIRE...Filing Information Returns Electronically

If you file 250 or more Information Returns for any calendar year, the IRS requires that they be filed electronically. Even if you file fewer than 250 returns, you are encouraged to sign up and file electronically.

It is time to stop using the antiquated paper returns and start filing your Information Returns electronically. Information Returns are filed electronically using software that can produce the file in the proper format as required by Publication 1220 via the FIRE (Filing Information Returns Electronically) system at <http://fire.irs.gov>. The FIRE System is conveniently available 24 hours a day, 7 days a week.

The following information returns can be filed electronically: Forms 1098, 1099, 5498, 8027, 1042-S, and W-2G.

Participants are required to request authorization to file Information Returns with the Internal Revenue Service (IRS)/Enterprise Computing Center (ECC) via the submission of Form 4419, Application for Filing Information Returns Electronically. Once approved, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned. New users should submit Form 4419 to IRS/ECC at least 30 days before the due date of the returns for current year processing. Fax your completed Form 4419 to (877-477-0572) or mail to:

Internal Revenue Service Enterprise Computing Center—
MTB (ECC-MTB) Information Reporting Program
230 Murall Drive
Kearneysville, WV 25430

BENEFITS OF FILING ELECTRONICALLY

- It's Paperless
- It's Secure...supports SSL-128 bit encryption
- It's Easy to Use... there is better customer service due to online availability of transmitter files
- It's Efficient...email notification of file status within 1 to 2 business days on most forms
- It's Fast...compressed files with PKZIP or WINZIP reduce transmission time by up to 95%
- It's Flexible...due dates are extended for electronically filed forms 1098, 1099, 8027 and W-2G from February 28 to March 31 each year.

For more information about the FIRE system and how to use it, download Publication 3609, File Information Returns Electronically, from the IRS Website or call your Indian Tribal Governments Specialist for a copy. Filers may also contact the IRS/ECC toll free at 1-866-455-7438 extension 3 for customer service questions.



IRS Announces 2010 Standard Mileage Rates

The Internal Revenue Service issued the 2010 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2010, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 50 cents per mile for business miles driven
- 16.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving purposes are slightly lower than last year's. The mileage rates for 2010 reflect generally lower transportation costs compared to a year ago.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. Runzheimer International, an Independent contractor, conducted the study.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for any vehicle used for hire or for more than four vehicles used simultaneously.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Both Publication 463 (*Travel, Entertainment, Gift, and Car Expenses*) and Revenue Procedure 2009-54 contain additional details regarding the standard mileage rates. Visit the IRS web site at www.irs.gov for more information.

Tax Tools for Tribes

You can order our comprehensive reference CD-ROM containing Publication 4268 (Employment Tax Guide for Tribes), Publication 3908 (Gaming Tax Law for Indian Tribal Government), Publication 15 (Employer's Tax Guide), Publication 15-A (Employer's Supplemental Tax Guide), ITG News issuance for your area for the last 8 quarters, a "primer" for federal tax issues affecting individual Native Americans, and a guide on "Helpful Hints to Avoid Penalties." E-Mail us at ITG.TaxTools@irs.gov and provide your mailing address and the number of CD-ROM copies you would like to receive.



EITC Awareness Day is January 29, 2010!

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. When the credit exceeds the amount of taxes owed, it results in a tax refund to those who qualify for and claim the credit. EITC can bring money into communities.

The IRS Partner Toolkit at www.eitc.irs.gov provides EITC resources such as state-by-state statistics, ready-to-use presentations, fact sheets that can be used in outreach efforts, a sample "tweet", letter to the editor, newsletter article, web article, "widget" (coming soon) and an "on-hold" message.

Remember:

- *New EITC provisions mean more money for larger families.*
- *EITC can be a financial boost for working people hit by hard economic times.*
- *One in four eligible taxpayers could miss out because they don't check it out.*

The EITC program enjoys relatively high participation rates; between 75 and 80 percent of eligible taxpayers claim the credit. Nonetheless, the IRS works hard to identify and reach the remaining EITC eligible taxpayers. The IRS is committed to maximizing participation while minimizing error. This year we are emphasizing efforts for the following hard-to-reach audiences:

- Rural
- Self-employed
- People with disabilities
- Senior citizens (grandparents)
- Limited English Proficiency
- Non-filers
- Those who may have recently become eligible due to a change in income or marital status such as divorce, unemployment, etc.

The EITC Assistant (available late January) can help people determine if they qualify. Access it on the internet at www.irs.gov/individuals/article/0,,id=130102,00.html.



Buy US Savings Bonds With Your Tax Refund

Buy US Savings Bonds with your Tax Refund

Starting in January 2010, you will have a unique opportunity to increase your savings by purchasing United States Series I Savings Bonds with your tax refunds. Buying Savings Bonds is a great way to start or increase overall savings. In addition, it is easy when you use IRS Form 8888 – just ask your tax preparer!

What are U.S. Savings Bonds?

U.S. Savings Bonds are savings instruments for individual savers issued by the U. S. Department of the Treasury.

For purposes of this program, only Series I US Savings Bonds are being offered on tax returns. Series I Bonds are sold at face value (a \$50 bond costs \$50), and grow in value for up to 30 years. You must purchase bonds *with your tax refund* in increments of \$50. In any single calendar year you can purchase up to \$5,000 of Series I Savings Bonds under this program.

You may redeem Savings Bonds for principal and accrued earnings anytime after the first 12 months after you purchased it (or earlier if you live in an area affected by a natural disaster). If you redeem a Savings Bond within the first five years you hold it, the three most recent months' interest will be forfeited. After five years, no penalty will apply when bonds are redeemed.

Series I Bonds pay interest based on a combination of a fixed rate (which remains the same throughout the life of the Savings Bond) and a semiannual inflation rate, which is updated each May and November. Savings Bonds accrue interest until you redeem them or until they reach their final maturity in 30 years.

The current interest rate for Series I Savings Bonds that will be in place during the 2010 Filing Season is 3.36%. The 3.36% includes a fixed rate of .30% (which will be applicable for the entire life of the I Bond purchased) and a 3.06% annualized rate of inflation. The 3.06% interest rate will apply from the time of purchase through April 30, 2010 when a new semi-annual rate of interest will be announced.

The interest earned by purchasing and holding Savings Bonds is subject to federal tax at the time you redeem the bonds. However, interest earned on Savings Bonds is not taxable at the state or local level.

How can you buy Savings Bonds at a VITA or TCE Site?

For the 2010 Filing Season, you can choose to save all or part of your refund by requesting Savings
(Continued on page 6)



(Continued from page 5)

Bonds on an IRS Form 8888, *Direct Deposit of Refund to More Than One Account*. The use of Form 8888 to purchase Savings Bonds will generally require that you have another account in which to deposit the remaining amount of your refund after the purchase of Savings Bonds.

During the 2010 Filing Season, you will be able to purchase Savings Bonds with your tax refunds in multiples of \$50, up to the yearly maximum of \$5,000. Purchasing Savings Bonds in multiples other than \$50 will instead trigger the issuance of paper refund check to the taxpayer for the entire amount of their refund.

Just tell your tax preparer you want to buy Savings Bonds with part of your refund!

Receipt of Series I Savings Bonds

Taxpayers who purchase US Savings Bonds with their tax refunds will receive their paper bonds in the mail at the address used on their tax return. The issuance of the Savings Bonds could take up to three weeks. You will generally receive the paper bonds after you have received the remainder of your tax refund from the IRS.

For bond purchases in amounts of \$250 or less made with a tax refund, you will receive Series I bonds in \$50 denominations. For bond purchases in excess of \$250, the first \$250 will be fulfilled with \$50 bonds, then the remainder will be fulfilled with the fewest possible additional bonds.

Errors on the return that change the refund amount will result in a failed bond purchase. If you have a prior tax or other obligation (child support, loan payment), IRS will not fulfill the bond request, and will mail the entire refund amount to you using a paper check.

To check the status of a bond purchase, you may go to [Where's My Refund](#) on IRS.gov or call 1-800-829-1954. If the IRS has processed the refund and placed the request for the bond, then please contact the Treasury Retail Securities Site at 1-800-245-2804.

Mandatory Electronic Filing

Filing season is upon us once again. If you are required to file 250 or more Forms W-2G or 250 or more Forms 1099-MISC during a calendar year, you must file them electronically unless the IRS grants you a waiver. You may request a waiver on Form 8508, *Request for Waiver From Filing Information Returns Electronically/Magnetically*. Submit Form 8508 to the IRS at least 45 days before you file Forms W-2G or 1099-MISC. You may be charged a penalty if you fail to file electronically when required.



Tax Return Preparer Fraud

Return preparer fraud generally involves the preparation and filing of false income tax returns by preparers who claim inflated personal or business expenses, false deductions, unallowable credits or excessive exemptions on returns prepared for their clients. This includes inflated requests for the special one-time refund of the long-distance telephone tax. Preparers may also manipulate income figures to obtain tax credits, such as the Earned Income Tax Credit, fraudulently.

In some situations, the client (taxpayer) may not have knowledge of the false expenses, deductions, exemptions and/or credits shown on their tax returns. However, when the IRS detects the false return, the taxpayer — not the return preparer — must pay the additional taxes and interest and may be subject to penalties.

The IRS Return Preparer Program focuses on enhancing compliance in the return-preparer community by investigating and referring criminal activity by return preparers to the Department of Justice for prosecution and/or asserting appropriate civil penalties against unscrupulous return preparers.

While most preparers provide excellent service to their clients, the IRS urges taxpayers to be very careful when choosing a tax preparer. Taxpayers should be as careful as they would be in choosing a doctor or a lawyer. It is important to know that even if someone else prepares a tax return, the taxpayer is ultimately responsible for all the information on the tax return.

Helpful Hints When Choosing a Return Preparer

- Be careful with tax preparers who claim they can obtain larger refunds than other preparers.
- Avoid preparers who base their fee on a percentage of the amount of the refund.
- Stay away from preparers who claim that many, if not most, phone customers can get hundreds of dollars or more back under the telephone tax refund program.
- Use a reputable tax professional who signs your tax return and provides you with a copy for your records.
- Consider whether the individual or firm will be around to answer questions about the preparation of your tax return months, or even years, after the return has been filed.
- Review your return before you sign it and ask questions on entries you don't understand.
- No matter who prepares your tax return, you (the taxpayer) are ultimately responsible for all of the information on your tax return. Therefore, never sign a blank tax form.
- Find out the person's credentials. Only attorneys, CPAs and enrolled agents can represent taxpayers before the IRS in all matters including audits, collection and appeals.
- Other return preparers may only represent taxpayers for audits of returns they actually prepared.
- Find out if the preparer is affiliated with a professional organization that provides its members with continuing education and resources and holds them to a code of ethics.
- Ask questions. Do you know anyone who has used the tax professional? Were they satisfied with the service they received?



Training Past and Future

October 2009 Kodiak. October 14 - 16, IRS's office of Indian Tribal Governments (ITG) held a payroll workshop in Kodiak. The event sponsored by area tribes was held at the Sun'aq Tribe of Kodiak offices. Six individuals attended representing three different villages.

Judy Pearson and Mary Jo Audette were presenters from IRS. Patrick Mulligan, Department of Labor and Workforce Development, discussed employment issues as they relate to State filing requirements and online filing.

November 2009 Anchorage. November 29 - 30, ITG held a 2-day payroll workshop in Anchorage. The event sponsored by Kawerak, Inc. was held at Alaska Village Initiatives' office. Seventeen (17) individuals representing fifteen (15) villages from the Nome area were in attendance. Presenters were Mary Jo Audette and Judy Pearson.

December 2009 Anchorage. On December 1, a half-day, year-end workshop was held during the BIA Providers Conference. Eighty-three (83) individuals representing fifty-nine (59) villages and three regional nonprofits attended a three-hour session. Tim Beard, Employer Services Liaison



Officer with the Social Security Administration, explained how to E-File Forms W-3 and W-2 using SSA's Business Services Online (<http://www.ssa.gov/employer/fileBSO.htm>).

Mary Jo Audette followed with a discussion on year-end filing requirements for contract labor and other vendors who provide services.

February 2010 Anchorage. A one-day pull-tab workshop will be held on February 23, 2010. See page 15 for further details and registration information.

March/April 2010 Anchorage. A 2-½ day payroll workshop will be held on March 30 - April 1, 2010. See page 16 for further details and registration information.

Steps for Employers to Avoid Penalties and IRS Problems

- A. Determine your deposit schedule: Are you a monthly or semiweekly depositor? *
- B. Each payday, determine your employment tax liability by adding the following 5 parts:
 - 1. Employees' Federal income tax withheld
 - 2. Employees' Social Security tax withheld
 - 3. Employees' Medicare tax withheld
 - 4. Employer's matching of Social Security tax
 - 5. Employer's matching of Medicare tax
- C. **By the due date, deposit the above liability (see B).**
- D. At the end of each quarter, file Form 941 Employer's Quarterly Federal Tax Return.
- E. At year end, make sure your Forms 941 (all 4 quarters) match your W-2s (all employees).
- F. At year end, file Forms W-3/W-2 and 1096/1099.

* See Publication 15 for further information on deposit schedules, liabilities, and due dates.

Do you need to file an income tax return this year?

Many people will file a 2009 Federal income tax return even though the income on the return was below the filing requirement. Most people can use the following chart to determine if they are required to file a tax return (you can find this chart in each year's Form 1040 instructions):

Chart A—For Most People

IF your filing status is . . .	AND at the end of 2009 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65 65 or older	\$9,350 10,750
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$18,700 19,800 20,900
Married filing separately (see page 15)	any age	\$3,650
Head of household (see page 15)	under 65 65 or older	\$12,000 13,400
Qualifying widow(er) with dependent child (see page 16)	under 65 65 or older	\$15,050 16,150

The income limits will be much lower if you can be claimed as a dependent on someone else's tax return. For example, a dependent who received the Alaska PFD of \$1,305 is required to file a tax return. See Chart B on page 9 of the 1040 Instructions or go to www.irs.gov to determine when a dependent must file.

Occasionally, individuals have one-time or infrequent financial transactions that may require them to file a Federal Income Tax return. If any of the following examples apply to you, you will need to file a tax return:

- Did you receive Advance Earned Income Credit for this tax year?
- Were you self-employed with earnings of more than \$400.00?
- Did you have a household employee?
- Will you owe any special tax on a qualified retirement plan ([including an individual retirement account \(IRA\)](#) or [medical savings account \(MSA\)](#))?
- Will you owe social security and Medicare tax on tips you did not report to your employer?
- Will you owe uncollected social security and Medicare or Railroad retirement (RRTA) tax on tips you reported to your employer?
- Will you be subject to [Alternative Minimum Tax \(AMT\)](#)? (The tax law gives special treatment to some kinds of income and allows special deductions and credit for some kinds of expenses.)
- Will you owe [recapture tax](#) (for changes in retirement account distribution method)?
- Are you a church employee with income in wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security or Medicare taxes?

Some taxpayers may not be required to file, but would get a refund if they did:

- If you had Federal taxes withheld from your pension or wages, and your income is lower than the filing requirement, you'll get a refund of your withholding.
- If you worked in '09, you may be entitled to Earned Income Tax Credit or Making Work Pay Credit.
- If you received a pension from state or local government for work not covered by Social Security, you may be eligible for a government retiree credit in 2009.
- If you are eligible for the First Time Homebuyers Credit or American opportunity education credit, you may be due a refund, even if you owe no tax.

For more information, call the IRS at 1-800-829-1040 or visit www.irs.gov.

Expanded Homebuyer Credit

New legislation extends the deadlines for purchasing a home and expands the first-time homebuyer credit to include long-time homeowners buying a replacement resident. Income limitations have also been raised to allow more homeowners to qualify.

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return. The maximum amount of the credit for first-time homebuyers remains \$8,000, and no repayment of the credit is required as long as the taxpayer lives in the home for at least 36 months after purchase.

The new law also allows long-time homeowners who buy a replacement principal residence to claim a homebuyer credit of up to \$6,500 (up to \$3,250 for a married individual filing separately). They must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased.

People with higher incomes can now qualify for the credit. The new law raises the income limits for homes purchased after November 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 (between \$225,000 and \$245,000 for joint filers).

Several new restrictions apply to homes purchased after November 6, 2009.

- Purchasers must attach a properly executed settlement statement to their return.
- No credit is available if the purchase price of the home exceeds \$800,000.
- The purchaser must be at least 18 years old on the date of purchase.
 - For a married couple, only one spouse must meet this age requirement.
- A dependent is not eligible for the credit.

Additionally, there are new benefits for members of the military:

- Members of the uniformed services who were on qualified extended official duty outside the United States for at least 90 days during the period from January 1, 2009 and April 30, 2010 have an extra year to buy a principal residence in the U.S. and qualify for the credit.
- In many cases, the credit repayment requirement is waived for members of the uniformed services if the change in residence is connected to qualified extended official duty.

Reporting Abuses/Schemes

We continue to work with tribes and tribal officials to address financial abuses and schemes being promoted in Indian country. Working together can help ensure the integrity of tribal finances and eliminate the threats posed by individuals with schemes that appear “too good to be true” and often are. If you are aware of financial impropriety or of a promoter advocating a scheme that appears highly suspect, you can contact the ITG Abuse Detection and Prevention Team at (405) 297-4407 or via e-mail at tege.itg.schemes@irs.gov.



Making Work Pay Credit

In 2009 and 2010, the Making Work Pay provision of the American Recovery and Reinvestment Act will provide a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns. This tax credit will be calculated at a rate of 6.2 percent of earned income and will phase out for taxpayers with modified adjusted gross income in excess of \$75,000, or \$150,000 for married couples filing jointly.

People receiving Social Security or Veterans disability benefits received a \$250 Economic Recovery payment earlier this year. Government retirees who are not covered by Social Security may claim a \$250 Government Retiree credit on their 2009 tax return. If you also had earned income, your Making Work Pay credit will be reduced by the Economic Recovery payment or Government Retiree credit.

Complete Schedule M, Making Work Pay and Government Retiree Credits, to calculate the amount of credit to be included on your 2009 tax return.

Need Help Preparing Your Individual Tax Return?

If you need assistance with your Form 1040 U. S. Individual Income Tax Return, you may be able to get help at a volunteer tax preparation site. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns. Volunteer programs are aimed at taxpayers with low- to moderate-income (generally, \$49,000 and below). Trained community volunteers can help you find out if you're eligible for special credits, such as Earned Income Tax Credit, Child Tax Credit, and the American Opportunity Education Credit.

In addition to free tax return preparation assistance, most sites also offer free electronic filing (e-filing). Individuals taking advantage of the e-file program receive their refunds in half the time compared to returns filed on paper – even faster if you have your refund deposited directly into your bank account.

People should bring all wage and earnings statements (Forms W-2), interest and dividend statements (Forms 1099), a copy of last year's return, Social Security Numbers (or Individual Tax Identification Numbers) and birth dates for each person shown on the return and any other information concerning their income and expenses for 2009. For joint returns, both spouses must be present to sign the required forms.

To locate all the nearest volunteer sites, call the IRS at 1-800-829-1040, or call the Alaska 211 referral line by dialing 2-1-1 or 1-800-478-2221. You can also find Tax-Aide sites by using the [site locator](#) at AARP Tax-Aide's web site, or calling 1-888-227-7669.



Message from the Director

Happy New Year from all of us at the Indian Tribal Governments Office! We hope that 2010 finds all of you well, and we look forward to working with you as we begin the new decade.

As the calendar turns to a new year, each of us must turn our attention to our various roles in tax filing season. If you are involved in payroll, it's time to prepare year-end reporting for your employees and issue information returns. You will see that most of the material in this edition of the newsletter is focused on assisting you with those activities. You will also find extensive material on our website www.irs.gov/tribes. In addition, your ITG Specialists are available to answer any questions or assist with any problems you may encounter as you complete those year-end responsibilities.

Each of us also needs to begin preparing to file our individual tax returns. The IRS offers many free or low cost methods for you to file your return. In most instances, you can file electronically and save time as well as receive any refund you may be entitled to very quickly. Through our Volunteer Income Tax Assistance (VITA) program, you can also walk into a site and have your return prepared for free. Those sites are staffed by volunteers and sponsored by a variety of organizations and Tribal Governments. I'd like to thank the Tribes that have dedicated resources to supporting the VITA program. Information on important individual filing topics is also included in this newsletter, including information on qualifying for the Earned Income Tax Credit (EITC) and how to find the VITA site nearest you.

A new year offers a time for renewal. In this new year, ITG would like to renew our efforts in providing outreach and education to Tribes. Many of you have asked us for expanded opportunities for training and workshops. We have heard you and plan to begin expanding the frequency of classes we have traditionally offered, such as Basic Employment Tax or Title 31. But we would also like to offer new topic areas and more focused training to fit your specific issues. We would like to target our workshops to the tax compliance areas of greatest concern for your Tribe. I'd like to encourage you to contact your assigned ITG Specialist and let them know what training or additional assistance you would like to see offered in your area. They will use your input to ensure that we tailor our training to your needs, including determining where the training is offered.

All of us in ITG look forward to another year of working with the dedicated staff of the Tribal Governments and send you our wishes for a happy and healthy new year!

Christie Jacobs

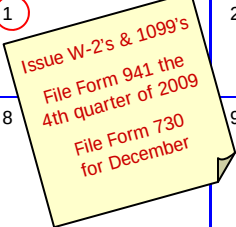


Federal Tax Calendar for First Quarter 2010

January 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4 * Make a deposit for 12/26-12/29	5	6 * Make a deposit for 12/30-1/1	7	8 * Make a deposit for 1/2-1/5	9
10	11 Employees report December tip income to employers if \$20 or more	12	13 * Make a deposit for 1/6-1/8	14	15 * Make a deposit for 1/9-1/12 ** make a deposit for December if under the monthly deposit rule	16
17	18	19	20 * Make a deposit for 1/13-1/15	21	22 * Make a deposit for 1/16-1/19	23
24/31	25	26	27 * Make a deposit for 1/20-1/22	28	29 * Make a deposit for 1/23-1/26	30

February 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 	2	3 * Make a deposit for 1/27-1/29	4	5 * Make a deposit for 1/30-2/2	6
7	8	9	10 * Make a deposit for 2/3-2/5 Employees report January tip income to employers if \$20	11	12 * Make a deposit for 2/6-2/9	13
14	15	16 ** make a deposit for January if under the monthly deposit	17 * Make a deposit for 2/10-2/12	18	19 * Make a deposit for 2/13-2/16	20
21	22	23 	24 * Make a deposit for 2/17-2/19	25	26 * Make a deposit for 2/20-2/23	27
28						

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

**= Make a Monthly Deposit if you qualify under that rule.

13 NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.



March 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 <i>File W-2's with SSA File 1099's with IRS File Form 730 for January</i>	2	3 * Make a deposit for 2/24-2/26	4	5 * Make a deposit for 2/27-3/2	6
7	8	9	10 Make a deposit for 3/3-3/5 Employees report February tip income to employers if \$20 or more	11	12 * Make a deposit for 3/6-3/9	13
14	15 ** make a deposit for February if under the monthly deposit rule	16	17 * Make a deposit for 3/10-3/12	18	19 * Make a deposit for 3/13-3/16	20
21	22	23	24 * Make a deposit for 3/17-3/19	25	26 * Make a deposit for 3/20-3/23	27
28	29	30 <i>Payroll Workshop in Anchorage</i>	31 * Make a deposit for 3/24-3/26 <i>File Form 730 for wagers received during February</i>			

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

**= Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.

Return Filing Dates

February 1st

- > File Form 941 for the 4th quarter of 2009. If all deposits were paid on time and in full, file by February 10th.
- > If pre-qualified for simplified payroll filing, file Form 944. If all deposits are fully paid on time, file by February 10th.
- > File Form 940 for 2009 if liable for Federal Unemployment Tax (not participating or current with state unemployment tax). If all deposits are paid on time and in full, file by February 10th.
- > File Form 730 and pay the tax on applicable wagers accepted during December 2009.
- > File Form 945 for 2009. If all deposits are paid on time and in full, file by February 10th.
- > File Form 943 for 2009 (agricultural entities). If all deposits are paid on time and in full, file by February 10th.

March 1st

- > File Form 730 and pay the tax on applicable wagers accepted during January 2010.
- > File information returns for all payments reported to recipients on Forms 1099, 1098, 5498, and W-2G, using Form 1096 as a transmittal. If filing these forms electronically, file by March 31st.
- > File Form W-3, along with copy A of Forms W-2 you issued for 2009. File by March 31st if filing electronically.
- > File Form 8027 if you are a large food and beverage establishment. File by March 31st if filing electronically.

March 31st

- > File Form 730 and pay the tax on applicable wagers accepted during February 2010.

Pull tab Workshop

The IRS offices of
Federal State and Local Governments (FSLG)
and Indian Tribal Governments (ITG)
are conducting a one-day workshop
at the IRS office in Anchorage
on Tuesday
February 23, 2010.

The workshop is for both city and tribal governments
who are selling pull tabs.

The workshop will cover the following topics:
State of Alaska Gaming Regulations
Pull tab taxes: IRS Forms 730 & 11-C

To register, please fill in the info below. E-mail or fax to

Diane.M.Nesvick@irs.gov

Phone: 907-271-6917

Fax: 907-271-6664

IRS – Attn: DN/ITG

City/Tribal Name: _____

Attendees Name: _____

Phone: _____ Fax: _____

e-mail address: _____

If you have any questions or concerns contact Diane Nesvick at 907-271-6917.

2010 Training in Anchorage

The Office of Indian Tribal Governments
(Internal Revenue Service)

is holding a

3 - day Employment Tax Workshop

for tribal personnel new to payroll taxes or needing a basic refresher
in Anchorage on--

Tuesday/Wednesday/Thursday
March 30, March 31 & April 1

In conjunction with the above,
a half-day session on Pull Tab filing requirements
will be held from 1pm—4:30pm on Thursday, April 1

The training will be held in Room 210 (2nd floor)
at the IRS offices at

949 East 36th Avenue, Anchorage

Class times are from **8:30am – 4:30pm**

Items on the agenda include:

- 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
- State of Alaska – Quarterly Report
- Pull tab and gaming excise tax filing requirements



March 30 - April 1 Registration

Full name:

Tribal affiliation:

Tribal title/duties:

Phone:

Fax:

e-mail address:

If you have questions about the
training, please contact
Judy Pearson
via phone, fax, or e-mail at

Phone (907) 271-6949

Fax (907) 271-6664

Judy.M.Pearson@irs.gov



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

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 on the W-2 totals. If these amounts do not match, recheck records and identify necessary adjustments.

Example of a **balanced** year-end reconciliation is shown below.

Form 941	Wages	FIT	SS Wages	SS Tax	MED Wages	MED Tax
Period ending	Line 2	Line 3	Line 5a (Column 1)	Line 5a (Column 2)	Line 5c (Column 1)	Line 5c (Column 2)
March 31, 2009	27,974.00	2,071.00	26,774.00	3,319.98	26,774.00	776.45
June 30, 2009	33,242.00	3,698.00	32,042.00	3,973.21	32,042.00	929.22
September 30, 2009	41,201.00	3,937.00	40,001.00	4,960.12	40,001.00	1,160.03
December 31, 2009	37,248.00	3,506.00	36,048.00	4,469.95	36,048.00	1,045.39
Annual 941 Totals	139,665.00	13,212.00	134,865.00	16,723.26	134,865.00	3,911.09
				divided by 2		divided by 2
		employee's share		8,361.63		1,955.55

Form W-2	Wages	FIT	SS Wages	SS Tax	MED Wages	MED Tax
Employee's name	Box 1	Box 2	Box 3	Box 4	Box 5	Box 6
employee #1	25,888.00	2,955.00	25,888.00	1,605.06	25,888.00	375.38
employee #2	18,806.00	2,004.00	18,806.00	1,165.97	18,806.00	272.69
employee #3	16,440.00	1,290.00	16,440.00	1,019.28	16,440.00	238.38
employee #4	41,000.00	5,204.00	41,000.00	2,542.00	41,000.00	594.50
employee #5	10,993.00	404.00	10,993.00	681.57	10,993.00	159.40
employee #6	6,822.00	456.00	6,822.00	422.96	6,822.00	98.92
employee #7	1,250.00	92.00	1,250.00	77.50	1,250.00	18.13
employee #8	4,897.00	182.00	4,897.00	303.61	4,897.00	71.01
employee #9	8,769.00	625.00	8,769.00	543.68	8,769.00	127.15
Council Member #1	1,200.00					
Council Member #2	1,200.00					
Council Member #3	1,200.00					
Council Member #5	1,200.00					
W-2 Box Totals	139,665.00	13,212.00	134,865.00	8,361.63	134,865.00	1,955.56

Difference	-	-	-	-	-	(0.02)
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between the totals of Form 941 & W-2

Year-end reconciliation balances. Form 941 totals agree with Form W-2 totals. The two cent difference for Medicare tax is a rounding difference needing no further action. The employer should be confident that the correct payroll tax has been withheld and reported to both the Social Security Administration and the Internal Revenue Service.



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

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 on the W-2 totals. If these amounts do not match, recheck records and identify necessary adjustments.

Example of an **unbalanced** year-end reconciliation is shown below.

Form 941	Wages	FIT	SS Wages	SS Tax	MED Wages	MED Tax
Period ending	Line 2	Line 3	Line 5a (Column 1)	Line 5a (Column 2)	Line 5c (Column 1)	Line 5c (Column 2)
March 31, 2009	25,524.00	1,979.00	25,524.00	3,164.98	25,524.00	740.20
June 30, 2009	32,042.00	3,698.00	32,042.00	3,973.21	32,042.00	929.22
September 30, 2009	40,001.00	3,937.00	40,001.00	4,960.12	40,001.00	1,160.03
December 31, 2009	36,048.00	3,506.00	36,048.00	4,469.95	36,048.00	1,045.39
Annual 941 Totals	133,615.00	13,120.00	133,615.00	16,568.26	133,615.00	3,874.84
				divided by 2		divided by 2
		employee's share		8,284.13		1,937.42

Form W-2	Wages	FIT	SS Wages	SS Tax	MED Wages	MED Tax
Employee's name	Box 1	Box 2	Box 3	Box 4	Box 5	Box 6
employee #1	25,888.00	2,955.00	25,888.00	1,605.06	25,888.00	375.38
employee #2	18,806.00	2,004.00	18,806.00	1,165.97	18,806.00	272.69
employee #3	16,440.00	1,290.00	16,440.00	1,019.28	16,440.00	238.38
employee #4	41,000.00	5,204.00	41,000.00	2,542.00	41,000.00	594.50
employee #5	10,993.00	404.00	10,993.00	681.57	10,993.00	159.40
employee #6	6,822.00	456.00	6,822.00	422.96	6,822.00	98.92
employee #7	1,250.00	92.00	1,250.00	77.50	1,250.00	18.13
employee #8	4,897.00	182.00	4,897.00	303.61	4,897.00	71.01
employee #9	8,769.00	625.00	8,769.00	543.68	8,769.00	127.13
Council Member #1	1,200.00					
Council Member #2	1,200.00					
Council Member #3	1,200.00					
Council Member #5	1,200.00					
W-2 Box Totals	139,665.00	13,212.00	134,865.00	8,361.63	134,865.00	1,955.54

Difference	(6,050.00)	(92.00)	(1,250.00)	(77.50)	(1,250.00)	(18.12)
between the totals of Form 941 & W-2						

To avoid future notices from the Social Security Administration and/or the Internal Revenue Service, the reason for the above difference should be found and corrected before the 4th quarter Form 941 and the Forms W-2 are filed.

Upon review of the payroll records, it was discovered that employee #7's wages were never reported on Form 941 and Council Members' meeting fees were not reported on line 2 of the Form 941s.

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 the W-3 totals.
- If these amounts do not match, recheck records and identify necessary adjustments.

column a	column b	column c	column d	column e	column f	column g
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		Box 1			
Federal Income Tax	Line 3		Box 2			
Social Security Wages	Line 5a Column 1		Box 3			
Social Security Tips	Line 5b Column 1		Box 7			
Social Security Tax	Line 5a + 5b Column 2					
Social Security Tax comparison computation	Line 5a + 5b divided by 2		Box 4			
Medicare Wages	Line 5c Column 1		Box 5			
Medicare Tax	Line 5c Column 2					
Medicare Tax comparison computation	Line 5c divided by 2		Box 6			

Indian Tribal Government (ITG) Specialists for Alaska

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