



Message from the Director

All of us share a common concern for the current world economy, whether as individuals or government officials. The rising unemployment rates, declining stock markets, job layoffs, tight credit markets, and business failures, are issues that are affecting every government in the world, and certainly tribal governments are not immune from these problems.

Tribes face an immediate impact from a number of sources, including decreased business for tribal enterprises, decreased capital to expand existing enterprises or start new ones, decreased availability of grants, and a lack of additional federal resources needed for basic tribal programs or infrastructure.

In order to mitigate the impact of the current economic decline, all levels of government must work together, and ITG is committed to working with tribes to minimize any federal tax problems during this period. Our approach will be based on data, and we will use it to quickly determine trends and problems before they might become significant.

We will be renewing and expanding our outreach efforts. This will include regional seminars to assist tribal employees in staying current on tribal employment tax issues. We will also seek to identify tribes that have incurred significant penalties for failure-to-deposit withholding taxes and social security for their employees. While this has been a historic problem for some tribes, the current economic situation will likely create additional pressures in this area. Our objective is to proactively identify problems, assist tribes in determining remedies, and reduce unnecessary interest and penalty assessments that redirect tribal revenue from program areas.

I welcome your ideas on other tax-related steps we might take to assist tribes through this challenging economic period. As always, I can be contacted at christie.jacobs@irs.gov, or by telephone at 202-283-9800.

Christie Jacobs



..we want to proactively identify problems, and help tribes determine remedies...

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Customer Satisfaction Survey Results Published

The Office of Indian Tribal Governments recently completed its sixth annual customer survey. The survey gave us feedback from our customers that allows us to measure customer satisfaction with our products and services and determine areas where we need to effect operational changes.

We want to thank everyone who participated. We received 197 responses, which was the highest total of any survey. We are pleased that the overall level of satisfaction has remained steady, although it decreased slightly from 77% to 76%. There were a number of issues surfaced where we are undertaking actions to address concerns raised in the survey. This includes, but is not limited to:

- Utilize the regional Consultation Listening meetings (four per year are scheduled in differing BIA regions) to explore concerns about horizontal equity
- Continue to implement innovative alternative approaches for delivering products/services to tribes located in Alaska and the Navajo Chapters
- Seek opportunities to do annual outreach/education seminars on Employment Tax issues on a regional basis
- Further studying the causes of dissatisfaction in the Pacific Northwest
- Monitoring work processes to improve responsiveness to tribal inquiries by ITG staff

This is the second survey where we have asked specific questions in regard to Compliance Checks and Examination interactions with ITG. Since examinations represent a significant percentage of the work done by ITG, we will focus extra efforts in regard to that specific feedback. One area where we will seek to affect remedies is in the area of “timely actions”. This was an overall concern by tribes, and the most significant concern in regard to examinations.

One of the outcomes of the 2007 survey was the initiation of significant outreach/education efforts for the Navajo Chapters, in conjunction with the Navajo Nation. This was a direct response to dissatisfaction in that area. ITG organized and conducted major payroll and information reporting educational seminars for tribal employees, modeled on the success of similar efforts in Alaska in 2007 which were repeated in 2008. The survey shows the positive results of these efforts. The customers in the Navajo Chapters showed a marked increase in customer satisfaction, with the rate increasing from 50% to 64%. The Alaska tribes increased from 75% to 82%, and are now more satisfied than the rest of the United States. ITG will seek to apply best practices used in Alaska in a focused effort to better assist the Navajo Chapters.

In addition to the overall measures, we also looked at satisfaction by geographic area and by common themes within the survey. The table on the following page shows that analysis, and compares the responses this year with the survey responses from the prior year.

A more complete report on the survey is posted to our web site at www.irs.gov/tribes. We look forward to input at the ongoing Consultation Listening meetings to further assist in determining improvement opportunities. Future issues of ITG News will detail operational changes that we effect in response to the survey feedback.



Customer Satisfaction Survey Scores - by ITG Area

Eastern			North Central		Southwest		Western		Pacific Northwest		Alaska		Navajo Chapters	
2007	2008		2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Burden/ Delivery of Information														
Satisfied	85%	80%	71%	83%	80%	79%	83%	84%	55%	58%	71%	68%	46%	60%
Neutral	11%	16%	16%	13%	14%	10%	10%	11%	40%	27%	19%	21%	21%	18%
Dissatis- fied	4%	4%	13%	4%	6%	10%	7%	6%	5%	15%	10%	11%	33%	21%
Collaborate														
Satisfied	72%	60%	65%	70%	79%	63%	68%	79%	39%	39%	62%	63%	45%	52%
Neutral	24%	26%	24%	27%	12%	28%	18%	12%	48%	48%	29%	24%	31%	20%
Dissatis- fied	4%	14%	11%	3%	9%	10%	14%	8%	12%	13%	8%	13%	24%	28%
Recognition														
Satisfied	84%	78%	70%	90%	72%	63%	77%	75%	50%	48%	69%	70%	51%	59%
Neutral	14%	12%	23%	5%	28%	24%	13%	20%	36%	33%	24%	19%	39%	25%
Dissatis- fied	2%	10%	7%	5%	0%	13%	9%	5%	14%	18%	7%	11%	11%	16%
Protocol/ Horizontal Equity														
Satisfied	82%	74%	90%	87%	75%	78%	83%	83%	57%	54%	72%	75%	60%	70%
Neutral	14%	24%	9%	6%	20%	19%	12%	15%	31%	38%	23%	20%	31%	22%
Dissatis- fied	5%	2%	1%	7%	5%	3%	5%	2%	12%	8%	5%	5%	9%	8%
Accuracy/ Timeliness/ Honesty														
Satisfied	69%	64%	65%	69%	60%	55%	74%	70%	47%	28%	61%	59%	45%	55%
Neutral	25%	27%	27%	28%	37%	30%	10%	22%	41%	55%	32%	31%	31%	27%
Dissatis- fied	6%	9%	8%	3%	3%	16%	16%	8%	13%	17%	8%	10%	24%	18%
Overall Satisfaction														
Satisfied	90%	77%	76%	76%	75%	83%	86%	88%	56%	44%	75%	82%	50%	64%
Neutral	10%	18%	12%	24%	25%	8%	5%	6%	33%	31%	23%	13%	36%	29%
Dissatis- fied	0%	5%	12%	0%	0%	8%	8%	6%	11%	25%	2%	4%	14%	7%
Compliance Action - Overall Satisfaction														
Satisfied	67%	52%	80%	79%	100%	75%	78%	79%	43%	58%	70%	86%	67%	84%
Neutral	17%	14%	7%	11%	0%	25%	9%	16%	33%	26%	22%	14%	0%	9%
Dissatis- fied	17%	33%	13%	11%	0%	0%	13%	5%	24%	16%	7%	0%	33%	7%
Compliance Action - Initial Meeting														
Satisfied	78%	79%	95%	83%	94%	81%	90%	95%	71%	88%	87%	100%	87%	90%
Neutral	10%	18%	3%	17%	6%	6%	1%	5%	25%	8%	12%	0%	12%	10%
Dissatis- fied	13%	4%	3%	0%	0%	13%	8%	0%	4%	4%	0%	0%	0%	0%
Compliance Action - Subsequent Interactions														
Satisfied	74%	67%	70%	88%	100%	75%	84%	94%	56%	35%	89%	100%	60%	91%
Neutral	17%	22%	13%	6%	0%	17%	4%	6%	36%	55%	11%	0%	0%	7%
Dissatis- fied	9%	11%	17%	6%	0%	8%	13%	0%	8%	10%	0%	0%	40%	2%
Compliance Action - Final Resolution														
Satisfied	68%	87%	67%	67%	78%	50%	92%	87%	43%	67%	71%	100%	50%	72%
Neutral	12%	7%	25%	27%	11%	42%	8%	10%	43%	33%	19%	0%	0%	18%
Dissatis- fied	20%	7%	8%	7%	11%	8%	0%	3%	14%	0%	10%	0%	50%	10%



ITG Releases Revised Gaming Publication

The office of Indian Tribal Governments has updated Publication 3908, Gaming Tax Law and Bank Secrecy Act Issues for Indian Tribal Governments. The new release contains the notation "Revised 8-2008", and is available in quantity from the IRS Forms Distribution Center.

The revised publication contains updated withholding information, clarifies the Federal Unemployment Tax rules for tribal entities, adds content on information reporting to vendors, explains rules relating to foreign patrons and vendors, and clarifies federal tax deposit rules.

In addition to ordering hard copies, an on-line version can be accessed and downloaded from the ITG web site at www.irs.gov/tribes.

Mandatory Electronic Filing

Filing season is upon us once again and all of the responsibilities related thereto. If you are required to file 250 or more Forms W-2 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-2. You may be charged a penalty if you fail to file electronically when required.

For purposes of the electronic requirement, only Forms W-2 for the immediate prior year are taken into account. Also, if an employer must file 200 Forms W-2 for the immediate prior year in January and then discovers that another 100 Forms W-2 for the same year must be filed in August, they must be filed electronically.

Self-Assess Your Federal Tax Compliance Risks

Tribal entities can now self-assess their federal tax compliance and work with ITG to address any problems they uncover. Entities electing to participate receive a fillable template from ITG, and are provided with the name of a local ITG Specialist who will serve as their resource during the process.

Information on the program, as well as an on-line request form, is available through the "Self Assessed Tribal Tax Compliance" link on the right-hand of the ITG web site landing page at www.irs.gov/tribes, or you can make an inquiry about the program via e-mail to tege.itg.tefac@irs.gov

Want to Avoid Penalties?

Are you incurring penalties? Do you want to eliminate penalties in the future? ITG has a "Helpful Hints to Avoid Penalties" job aid that can assist you. It's available by ordering our "Tax Tools for Tribes" CD-Rom via e-mail at ITG.TaxTools@irs.gov.



Welcome New Specialist

We are pleased to announce that we have received a new Indian Tribal Governments Specialist, Jim McCabe. Jim transferred from Vancouver, WA to Harrisburg, PA. Jim has been with the IRS for 21 1/2 years and has been an ITG Specialist for 2 1/2 years. Jim brings a wealth of knowledge and experience to the job and we are delighted to have him.

Changes in tribal Assignments

As you know, in the IRS office of Indian Tribal Governments, there are ITG Specialists assigned to work with specific tribes. The Specialists act as liaisons between the tribe and the IRS, answer questions, and solve problems related to tribe's tax obligations. Due to the addition of Jim McCabe, it was necessary to change some of those assignments. Below is a list of all of the tribes in the Eastern United States as well as the ITG Specialist assigned to each tribe. When you have questions or problems of a tax nature, you can call your assigned ITG Specialist. If they are not available to assist you, you can call any of the Specialists listed below, or as always, you can contact the group manager, Cathy Bird, at (405) 297-4757.

Rose Jones

Alabama-Coushatta Tribe
Catawba Indian Nation
Chitimacha Tribe
Coushatta Tribe of Louisiana
Eastern Band of Cherokee Indians of NC
Jena Band of Choctaw Indians
Miccosukee Tribe of Indians of Florida
Mississippi Band of Choctaw Indians
Poarch Band of Creek Indians
Seminole Tribe of Florida
Tunica-Biloxi Indian Tribe

Jim McCabe

Aroostook Band of Micmac Indians
Cayuga Nation of New York
Houlton Band of Maliseet Indians
Mashpee Wampanoag Tribe
Narragansett Indian Tribe
Onondaga Nation of New York
Passamaquoddy Tribe
Penobscot Tribe of Maine
Tonawanda Band of Seneca Indians
Tuscarora Nation of New York

Mike Farney

Mashantucket Pequot Tribe
Mohegan Indian Tribe of Connecticut
Oneida Nation of New York
St. Regis Mohawk Tribe

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 (716) 686-4860, or via e-mail at tege.itg.schemes@irs.gov



How to Correct Filed W-2's

After you filed Forms W-2 with W-3, you discover mistakes. Now you are wondering how to correct them. Use Form W-2c to correct errors on Form W-2, or Form W-2c filed with the Social Security Administration (SSA). Also Use Form W-2c to provide a corrected Form W-2, or W-2c to employees.

File Forms W-2c and W-3c as soon as possible after you discover an error. Also, provide Form W-2c to employees as soon as possible. For specific instructions for Form W-2c, please see "Instructions for Forms W-2c and W-3c".

Corrections reported on Form W-2c may also require you to amend your 941.

Do not use Form W-2c to report back pay. Instead see Pub 957, Reporting Back Pay and Special Wage Payments to the Social security Administration, and Form SSA-131, Employer Report of Special Wage Payments.

Do not use Form W-2c to correct Form W-2G, Certain Gambling Winnings. Instead see the instructions for Forms 1099, 1098, 5498, and W-2G.

Use Form W-3c to send Copy A of Form W-2c to the SSA. Form W-3c is required to be filed with a single Form W-2c as well as with multiple Forms W-2c. You may file Form W-3c separately if you are simply correcting your EIN on a previously filed Form W-3. In correcting more than one kind of form, you must use a **separate** Form W-3c for each type of W-2 that you are correcting (that is Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI or W-2c).

You Can file forms W-2c and W-3c to the following addresses:

If you use the U.S. Postal Service:

Social Security Administration
Data Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333

If you use a carrier other than the U.S.P.S.

Social Security Administration
Data Operations Center
Attn: W-2c Process
1150 E. Mountain Dr.
Wilkes-Barre, PA 18702-7997

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Eastern States Indian Tribal Government Specialists

Michael Farney, ITG Specialist
New Haven, CT
Phone: 203-781-3084

Jim McCabe, ITG Specialist
Harrisburg, PA
Phone: 717-777-9602

Rose Jones, ITG Specialist
Baton Rouge, LA
Phone: 225-923-4162

Employee Tip Income Program Questions

ITG has a full-time Tip Coordinator to assist you with any questions about tip reporting agreements. If you are interested in securing a Tip Agreement, have questions concerning your existing agreement, or have received a notice about tip reporting responsibilities that is unclear, please contact Suzanne Perry at (602) 207-8254.



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You may file forms W-2c and W-3c on paper (unless you are statutorily required to file electronically) . Please type all entries using dark or black ink in **12 point courier font**.

If you are correcting only an employee's name and/or SSN, complete Form W-2c through "box i" as appropriate. Be sure to report the employee's previously reported incorrect SSN in "box h" and /or incorrect name in "box i". Do not complete boxes 1 through 20. Advise your employee to correct the SSN and/or name on his or her original Form W-2.

If you need to correct an employee's name and SSN and the SSN was reported as blanks or zeros and the employee's name was reported as blanks, **do not** use Form W-2c to report the corrections. You **must** contact the SSA at 1-800-772-6270 for instructions.

To correct an incorrect tax year or EIN on Form W-2, file one Form W-2c showing the correct tax year or EIN and reducing the previously-reported money amounts to zero and a second Form W-2c reporting the money amounts (showing zeros in the "Previously Reported" columns) in the correct year or with the correct EIN.

If you filed a Form W-2 with the SSA showing an incorrect address for the employee, but all other information on the Form W-2 is correct, **do not** file a Form W-2c with the SSA merely to correct the address. However, if the address was incorrect on the Form W-2 furnished to the employee, **you must do one of the following**:

Issue a new, corrected Form W-2 to the employee including the new address. Indicate "Reissued Statement" on the new copies. **Do not send Copy A to the SSA.**

Mail the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

Any employee copies of Forms W-2c that you tried to deliver but were undeliverable, keep for four years. **Do not send undeliverable Forms W-2c to the SSA.**

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.



Year End Reconciliation Process

Did you know, as the Social Security Administration (SSA) processes employer wage reports, it maintains a record of total Social Security and Medicare wages and tips processed for each employer? Did you know these totals are then compared with the totals for Internal Revenue Service (IRS) employment tax records filed by the employer with IRS on Form 941 returns? Guess what... employers whose reports to IRS and SSA do not balance are contacted for an explanation of the discrepancy and asked for additional wage evidence. Another fact that should not come as a surprise to you...failure to resolve these discrepancies may result in IRS assessment of penalties for filing incorrect reports.

Now that you know the SSA and IRS balance these reports, why not beat them to the punch? Save yourself from that dreaded letter. You should balance or reconcile your Form 941 reports to your Form W-3 for the year. This will help you identify and resolve errors in your records which could lead to the filing of erroneous reports. You should balance cumulative quarterly Forms 941 for the tax year to the Form W-2/W-3 information in your records at the end of the tax year.

Compare the amounts you reported to SSA on Forms W-2 to the sum of the amounts you reported to IRS on Forms 941 for the tax year. The amounts shown in the table below, should match on the SSA and IRS reports. If these amounts do not match, recheck records and identify necessary adjustments.

After identifying any over or under reporting of income or wages, adjust any overpayment or underpayment of taxes on the Form 941-X, *Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund*. For example, a 2008 reporting error discovered during February 2009 would be an adjustment on Form 941-X. Form 941-X is a stand alone form and must be filed separately from Form 941.

Items	W-2/W-3 Box #	941 Line #
Compensation/Wages	Box 1	Line 2
Federal Income Tax Withheld	Box 2	Line 3
Social Security Wages	Box 3	Line 5a Column 1
Social Security Tips	Box 7	Line 5b Column 1
Social Security Tax Comparison Computation	Box 4	Line 5a + 5b Column 2 divided by 2
Medicare Wages	Box 5	Line 5c Column 1
Medicare Tax Comparison Computation	Box 6	Line 5c Column 2 divided by 2



Federal Tax Calendar for First Quarter 2009

January 2009

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

February 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Issue W-2s, W-2Gs, and 1099s to recipients	3	4 * Make a deposit for 1/28-1/30	5	6 * Make a deposit for 1/31-2/3	7
8	9 File Form 730 for wagers received during December	10 Employees report January tip income to employers if \$20 or more	11 * Make a deposit for 2/4-2/6	12	13 * Make a deposit for 2/7-2/10	14
15	16	17 ** Make a deposit for January if under the monthly deposit rule	18	19 * Make a deposit for 2/11-2/13	20 * Make a deposit for 2/14-2/17	21
22	23	24	25 * Make a deposit for 2/18-2/20	26	27 * Make a deposit for 2/21-2/24	28

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

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

9 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 2009

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

- > File Form 941 for the 4th quarter of 2008. If all deposits are 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 2008 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 2008.
- > File Form 944 for 2008 if required in lieu of Form 941. If all deposits are paid on time and in full, file by February 10th.
- > File Form 945 for 2008. If all deposits are paid on time and in full, file by February 10th.
- > File Form 943 for 2008 (agricultural entities). If all deposits are paid on time and in full, file by February 10th.

March 2nd

- > 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 2008. File by March 31st if filing electronically.
- > File Form 730 and pay the tax on applicable wagers accepted during January 2009.
- > 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 2009.