



ITG News

Keeping First Nations Informed



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Pacific Northwest Edition

January 2007

Message from the Director

We recently released our FY 2007 Work Plan, which details the goals and objectives of the office of Indian Tribal Governments for the current year. In keeping with our mission to raise the level of voluntary compliance, the Plan presents a balance of compliance check, outreach, education, and examination activity.

It is important to understand that each of these activities serves a specific purpose. For example, Compliance Checks represent an opportunity to determine any areas where a tribal entity may be experiencing difficulties and affords them the opportunity to effect remedies at minimal risk. Outreach and Education are designed to afford tribal entities the opportunity to receive specialized training or information on current areas of concern, so that they are better positioned to be fully compliant with relevant areas of federal tax law and/or the Bank Secrecy Act.

Examinations are the final part of our balanced approach to compliance. Although Tribes have many unique tax issues, the Internal Revenue Service has responsibility and authority to administer the federal tax laws for all types of entities, including governments. This includes the examination of books and records, which affords the opportunity for an in-depth assessment of compliance. If a tribal entity has adhered to the requirements of the law, then an examination will likely not result in a tax change. If an error is discovered, then the ITG Specialist will propose a change in the entity's tax liability. The Specialist may also make recommendations for changes in future practices so as to avoid further problems in subsequent tax periods.

While we attempt to limit our examinations to areas that we believe have a likelihood for error, the mere fact that we conduct an examination does not mean that an error is present. In fact, approximately 1 in every 6 examinations we conduct does not result in a tax or filing change.

We know that an examination is often worrisome, but I hope you understand the importance it has in ensuring compliance and helping to identify errors before they grow into major problems. Information on the examination process is available on our web site at www.irs.gov/tribes.

Christie Jacobs



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Federal Tax Calendar for First Quarter 2007

January 2007

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4 *make a deposit for 12/27-12/29	5 * make a deposit for 12/30-1/2	6
7	8	9	10 * make a deposit for 1/3-1/5 Employees report December tip income	11	12 * make a deposit for 1/6-1/9	13
14	15	16 ** Make a deposit for December if under the monthly deposit rule	17	18 *make a deposit for 1/10-1/12	19 *make a deposit for 1/13-1/16	20
21	22	23	24 *make a deposit for 1/17-1/19	25	26 *make a deposit for 1/20-1/23	27
28	29	30	31 *make a deposit for 1/24-1/26			

February 2007

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2 *make a deposit for 1/27-1/30	3
4	5	6	7 *make a deposit for 1/31-2/2	8	9 *make a deposit for 2/3-2/6	10
11	12 Employees report January tip income to employers if \$20 or more	13	14 *make a deposit for 2/7-2/9	15 ** Make a deposit for January if under the monthly deposit rule	16 *make a deposit for 2/10-2/13	17
18	19	20	21	22 *make a deposit for 2/14-2/16	23 *make a deposit for 2/17-2/20	24
25	26	27	28 *make a deposit for 2/21-2/23			

*= 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.

March 2007

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2 *make a deposit for 2/24-2/27	3
4	5	6	7 *make a deposit for 2/28-3/2	8	9 *make a deposit for 3/3-3/6	10
11	12 Employees report February tip income to employers if \$20 or more	13	14 *make a deposit for 3/7-3/9	15 ** Make a deposit for September if under the monthly deposit rule	16 *make a deposit for 3/10-3/13	17
18	19	20	21 *make a deposit for 3/14-3/16	22	23 *make a deposit for 3/17-3/20	24
25	26	27	28 *make a deposit for 3/21-3/23	29	30 *make a deposit for 3/24-3/27	31

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

January 2nd

- > File Form 730 and pay the tax on applicable wagers accepted during November 2006.

January 31st

- > File Form 941 for the 4th quarter of 2006. If all deposits paid on time and in full, file by February 12th.
- > File Form 940 for 2006 if liable for Federal Unemployment Tax (not participating or current with state unemployment tax).
If all deposits paid on time and in full, file by February 12th.
- > File Form 730 and pay the tax on applicable wagers accepted during December.
- > File Form 945 for 2006. If all deposits paid on time and in full, file by February 12th.
- > File Form 943 for 2006 (agricultural entities). If all deposits paid on time and in full, file by February 12th.

February 28th

- > 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 2006. File by March 31st if filing electronically.
- > File Form 730 and pay the tax on applicable wagers accepted during January.
- > 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.

What is a Nontaxable General Welfare Payment?

One of the most common issues we encounter is the question of taxability of support programs offered by tribes to their members. This issue has become increasingly common as tribes have developed economic enterprises that provide them with funds necessary to create these programs. Common examples are housing assistance, scholarships, medical care, transportation, and nutrition. As these programs are developed, it is important to determine the potential tax consequence to the recipients. Unfortunately there is a general lack of understanding of what constitutes a nontaxable general welfare payment.

As a starting point, it is important to realize that there is no statutory exemption of welfare payments from federal taxation. The Internal Revenue Service, with tacit approval from Congress and the courts, has administratively created a concept known as the General Welfare Doctrine. This doctrine has been used to exempt from federal income taxation any payments made to, or for the benefit of, individuals that are based on "need." This can be financial need, health need, economic need, educational need, etc., but the program must define the need and the criteria employed to determine the eligibility of recipients.

It is insufficient to simply designate a program as being "need-based" or to fund it from the percentage of net gaming revenue designated for general welfare under an approved Revenue Allocation Plan and assume that will make it nontaxable. The Internal Revenue Service is the sole governmental agency that can rule on the federal tax consequence of support programs.

In creating these programs, there are several factors that should be employed to properly determine the potential federal tax impact on recipients:

1. What is the "need" that will be met by the program?
2. Is the "need" one that routinely would be considered by various levels of government to be a necessary item that the public would support for funding from a public source?
3. Does the program have clear qualifying criteria as well as screening and evaluative mechanisms to ensure that recipients meet the criteria?
4. Is there an existing ruling from the Internal Revenue Service that addresses the federal tax consequence of an essentially similar program?
5. Has the responsible tribal governing body officially enacted the program?

Numerous Private Letter Rulings that address various governmental programs are available for review on our web site under the Published Guidance page at www.irs.gov/tribes. If so desired, a Tribe can request its own Private Letter Ruling on its particular program.

Remember, the General Welfare Doctrine is an administrative creation of the Internal Revenue Service. In order for a support program to qualify for exemption from federal taxation, a Tribe needs to ensure it has fully addressed the issue of "need." Use of the term "general welfare" or the fact that the program is funded by the "general welfare" component of a Revenue Allocation Plan is insufficient to make the payments nontaxable.

Questions concerning the tax consequence of an existing or planned program, or the method to secure a Private Letter Ruling, should be directed to your ITG Specialist.

IRS Provides Guidance on Per Diem Expense Reimbursements Paid By Employers

The Internal Revenue Service has issued guidance emphasizing the need for employers to track the amount of expense reimbursement allowances paid to employees on a per diem basis. Revenue Ruling 2006-56 tells employers that if they routinely pay per diem allowances in excess of the federal per diem rates, but do not track the allowances and do not require the employees either to actually substantiate all the expenses or pay back the excess amounts, and do not include the excess amounts in the employee's income and wages, then the entire amount of the expense allowances is subject to income tax and employment tax.

Generally, amounts employers pay employees to reimburse them for substantiated business expenses are not subject to income tax or employment tax. For reimbursements for expenses for meals and other incidentals associated with business travel, employees get this exclusion for reimbursements for each day of travel up to the federal per diem rates without having to actually substantiate the amounts of the expenses. However, if an employer pays expense allowances that exceed the federal per diem rates, the excess amounts are subject to income tax and employment tax if they are not repaid to the employer, unless the employee actually substantiates all of the expenses covered by the per diem allowance.

The revenue ruling illustrates when a per diem allowance arrangement that fails to track the excess amounts and does not include the unsubstantiated, unpaid excess amounts in the employee's income and wages constitutes a pattern of abuse of the rules for tax-free expense reimbursements. The finding that the arrangement is abusive causes all allowances paid under the arrangement to be subject to income tax and employment tax, not just the excess amounts. While the revenue ruling uses a scenario in the trucking industry because of the industry's widespread use of per diem allowances, the analysis in the revenue ruling applies to any employer in any industry that uses per diem allowances to reimburse employee expenses.

Revenue Ruling 2006-56 is effective immediately. However, the IRS recognizes that employers may need some time to adjust their systems so they can track excess allowances and account for them correctly. As a result, the IRS has instructed agents not to apply the results under the revenue ruling for taxable periods ending on or before December 31, 2006 in the absence of intentional noncompliance.

Update on Customer Satisfaction Survey

As we prepare for issuance of this edition of ITG News, we are just finalizing our analysis of the feedback from the recent survey. We will be posting a summary report on the web site at www.irs.gov/tribes in the near future and will also post a listing of specific actions we will undertake to address any concerns that surfaced.

Our thanks to everyone who participated in this important annual undertaking.

Am I Required to File Form 8027?

Form 8027 *Employer's Annual Information Return of Tip Income and Allocated Tips* is an annual information return required to be filed by "large food and beverage establishments." A "large food and beverage establishment" is defined at IRC Section 6053 as any trade or business, (A) which provides food or beverages, (B) where tipping is customary, and (C) where there are more than 10 employees, who work more than 80 hours on a typical business day.

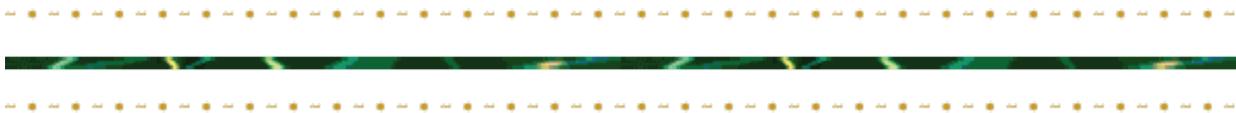
Ten or more employees means the total employees at all of the employer's establishments who provide services in connection with the provision of food and beverages; not just the directly tipped employees. Therefore, the hostess, wine stewards, cooks, kitchen help, etc. would be considered together with the directly tipped employees (waiters, beverage servers, etc.) in determining whether or not you are required to file Form 8027.

A separate Form 8027 is required for each food and beverage establishment operated by the employer. In addition, one Form 8027 is required for each venue in the same building where the customers occupy a separate area for the activity and where the gross receipts for the activity are recorded separately for that food and beverage activity. For instance, a casino that has a beverage service, a buffet, and two restaurants, generally would be required to file four (4) Forms 8027.

The Form 8027 requires an allocation to tipped employees when the establishment has reported tips of less than 8% of gross receipts. The instructions for Form 8027 give detailed information on how to make the allocation. If you are in a tip agreement with the IRS and your reported tips are less than 8%, the allocation is reported only on the W-2s of those employees who are not participating (not reporting tips at or above the agreed tip rate) in the tip agreement.

Form 8027 is due the last day of February (by March 31st if filing electronically), for the preceding calendar year. Form 8809 *Application for Extension of Time to File Information Returns* can be used to file for extension but must be filed before the due date for filing Form 8027. See the instructions for Form 8027 and Form 8809 for where to file.

If you are an establishment participating in a Gaming Industry Tip Compliance Agreement (GITCA) with the IRS, you do not have to file Form 8027 as long as you maintain the data in a comparable format and provide the data to the ITG Tip Coordinator by the Form 8027 due date. A suggested format for this purpose is available through your ITG Specialist or the ITG Tip Coordinator. Participants in a Tip Rate Determination Agreement (TRDA) must file the Form 8027 with the IRS, Cincinnati, Ohio 45999, and send a courtesy copy to the ITG Tip Coordinator, at IRS—att: Julia Reese, 12600 West Colfax Avenue - Suite C-300, Lakewood, Colorado 80215, by the due date.



How to Avoid an Averaged Failure to Deposit (FTD) Penalty

The best way to avoid an averaged FTD penalty is to provide a complete and valid Record of Federal Tax Liability (ROFT) with the return. The ROFT is a record of the dates and dollar amounts of payments or wages that were paid and is used to verify the timeliness of deposits. Form 941 semi-weekly schedule depositors report their ROFT information on Schedule B (Form 941), Employer's Record of Federal Tax Liability. Form 945 semi-weekly schedule depositors report their ROFT information on Form 945A, Annual Record of Federal Tax Liability. Where as monthly schedule depositors report their monthly ROFT information on the ROFT section of the return.

The ROFT is not accepted for processing if a negative liability amount is entered or if the total of the liability amounts entered on the ROFT does not equal the total amount of tax reported on the return. When the ROFT information is deemed invalid, it is excluded from the return processing and a CP 207 notice is issued with a blank ROFT that must be completed and returned. If the corrected ROFT is not returned on or before the date requested, an averaged FTD penalty is computed by averaging the total tax amount reported on the return and distributing those amounts equally throughout the tax period. Your deposits will be considered late when applied to the averaged ROFT amounts because the averaged ROFT amounts and dates figured will differ from your actual tax liability amounts and incurred dates in which you made your deposits for. The penalty rate used to calculate the penalty increases according to the number of days the tax liability remains unpaid. The averaged liability amounts not properly or timely deposited will be charged at the penalty rates shown below:

- 2 percent for deposits made 1 to 5 days late.
- 5 percent for deposits made 6 to 15 days late.
- 10 percent for deposits made 16 or more days late, but within 10 days of the date of the first notice we sent you asking for the balance of tax due.
- 10 percent for deposits made at unauthorized financial institutions.
- 10 percent for amounts subject to electronic deposit requirements but not deposited using EFTPS.
- 15 percent for amounts still unpaid more than 10 days after the date of the first notice we sent you asking for the balance of tax due.

Remember to follow the steps below when completing the tax liability schedule.

- Report each tax liability (not your deposits) on the tax liability schedule.
- Verify that the total amount reported on your tax liability schedule equals your total tax liability shown on your return.
- Do not show negative amounts on the tax liability schedule. If a prior period tax adjustment results in a decrease in your tax liability, reduce your liability for the same day you discovered the error and by the amount of the tax decrease resulting from the error, but not below zero. Apply any remaining decrease to subsequent liabilities on the schedule.

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.

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	Form 941 <small>(all 4 quarters)</small>	W-2, W-3 Box #	W-2s <small>(total of all forms)</small>	Amount on W-3	Difference <small>(col c minus col e)</small>
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			

What Does Your PNW ITG Group Have to Offer You?

We offer a number of products and services to assist you...

In addition to the ITG Newsletter, the IRS web site for Tribal Governments (www.irs.gov/tribes), and the ITG Specialists who are available to answer questions and assist you at any time, there are also a number of topics that we can present to your employees, Tribal Council, or other tribal groups in the form of a workshop.

Workshops available for presentation at your location:

- Employment Tax
- Gaming Tax Law
- Tip Reporting
- Anti-Money Laundering

If you would like to have an ITG Specialist come to your area to hold a workshop, you can contact your assigned ITG Specialist or call the Pacific Northwest ITG Group Manager, Joe Kincaid, (503) 326-2381.

Previous editions of the newsletter may be found at:

www.irs.gov/tribes

To add your name or e-mail address to our mailing list, please contact us via e-mail at: melodie.f.gren@irs.gov, or call Melodie Gren at (509) 353-0824.

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Happy New Year from your ITG Specialists!

Mary Jo Audette
Michael Fehrenbacher
Melodie Gren
John Mandeville
Jim McCabe
Diane Nesvick
Judy Pearson
Connie Perkins



Joe Kincaid, Group Manager

Publication 4268—Employment Tax Guide for Tribes

Our on-line Employment Tax Guide was updated in October 2006. You can download this comprehensive guide from a link on our landing page at www.irs.gov/tribes.

Test Your Knowledge

Backup Withholding Reminders

Situation: Hired last year at Cypress Company, Terry was looking over a checklist of year-end payroll and information reporting procedures that the previous controller, Chris, had drawn up before retiring from the business. One procedure on the list was a review as to whether the accounts payable section had any backup withholding issues. Not understanding what this might involve, Terry placed a call to Chris for some insight.

Question: What are some of the reminders that Chris might cover on backup withholding?

Answer: Payers making certain “reportable” payments may be responsible for withholding and remitting a specified percentage of the payment. This type of withholding is called backup withholding and is currently applied at the rate of 28% of the payment amount. As discussed below, backup withholding can apply to those payments when the payee does not furnish a correct TIN/SSN or when the Name/TIN combination does not match IRS records.

“Reportable” payments may include interest, dividends, rents, royalties, commissions, non-employee compensation, and other payments such as broker proceeds. These payments generally require the payer to issue an Information Return (usually a Form 1099) to the payee (the recipient of the payment) that includes the payee’s Name and Taxpayer Identification Number (TIN). A copy of this Information Return is also filed with the IRS .

Payments of wages and pensions (which have their own withholding requirements) aren’t subject to backup withholding nor are payments to government agencies or tax-exempt organizations. Payments to corporations aren’t subject to backup withholding procedures unless the amounts are for medical

Or health care payments or represent reportable gross proceeds paid to attorneys.

Obtaining a payee’s TIN and certification: For U.S. persons (including resident aliens), a payer can generally use Form W-9, Request for Taxpayer Identification Number and Certification.

For information regarding a foreign person, see “How Do I Know When To Use Form W-9?” on page one of the Form W-9 instructions.

When payers are responsible for backup withholding: If a payee refuses or neglects to provide a TIN, the payer should generally commence backup withholding on reportable payments (and continue doing so until a TIN is received). Additionally, backup withholding may be required as a result of an incorrect TIN notice (Notice CP2100 or CP2100A) sent to the payer.

For CP2100/2100A notices showing incorrect Name/TIN combinations, the payer may need to send payees a “B” Notice to solicit corrected information. As provided in Publication 1281 *Backup Withholding for Missing and Incorrect Name/TIN(s)*, a payer is generally required to start backup withholding from reportable payments when a payee does not timely respond to a “B” Notice request.

Publication 1281 provides additional information about backup withholding and reviews situations when “B” Notices are required. It also reviews situations when “B” Notices would not be necessary and contains templates that a payer can use when preparing and sending these “B” Notifications.

Reporting and remitting backup withholding: Backup withholding is one of the several “non-payroll” withholdings reported on the Form 945, *Annual Return of Withheld Federal Income Tax* . The instructions, also available at the www.irs.gov website, include information about the federal deposit requirements and schedules for remitting the non-payroll withholdings. The amount withheld from payments is also listed on the Information Document (e.g. the Form 1099) provided to each respective payee.

Resources for additional information:

- Publication 15, (Circular E), Employer’s Tax Guide
- The ITG Website (<http://www.irs.gov/tribes>)
- Your ITG Specialist—See page 14 of this newsletter
- For forms and instructions go to the IRS Website at <http://www.irs.gov>

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 Julie Reese at (303) 231-5250, ext. 236.

Introducing "Tax News For You!"

A New Page Addressing Tax Issues for Individuals

One of the things that Tribal Leaders asked of ITG in the 2005 Survey was that ITG assist Tribes with individual income tax issues and problems.

In response to that request, the Pacific Northwest Group of ITG is launching a new page in the PNW Edition of the ITG Newsletter. Our goal is to give Tribes another tool to assist their Tribal Members in understanding their federal income tax responsibilities and take advantage of tax credits and deductions they may be entitled to take.

This new page, called "Tax News For You!" will address topics such as: new tax law, changes in tax law, tax credits, information on IRS procedures, the Electronic IRS and much more.

We hope that you will distribute this page to your Tribal Members so they can get the information they need to file correct income tax returns and take advantage of the tax credits they may be eligible to take.

Just look for the pages with our "Tax Time" man—these are the pages that are made especially for distribution to your Tribal Members. In this newsletter edition the new feature starts on page 12.

If you would like to ask a tax question; like to see us address a particular issue or topic; or if you'd just like to tell us what you think of the new page, please contact Melodie Gren by phone at (509) 353-0824 or send an email to melodie.f.gren@irs.gov.



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 "Enhancing Federal 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

Tax News For You!

New Feature Page ♦ New Feature Page ♦ New Feature Page

Welcome to the new "Tax News For You!" page, which features helpful federal income tax hints for individuals! On this new page, you will find information to assist you with your personal tax issues: new tax law; changes in tax law, tax credits, information on IRS procedures, the Electronic IRS and much more. Please feel free to share this information with others in your community.

Don't Overlook Your Withholding

You should check your withholding exemptions when you experience significant changes in your life. Many life cycle changes can mean the addition or reduction of exemptions or a change in filing status that alters tax liability, even if there is no change in income. These include:

- Marriage
- Divorce
- The birth or adoption of a child
- Child no longer qualifying as a dependent
- The purchase or sale of a new home

Other changes that can alter the amount that needs to be withheld include receiving income not subject to withholding, such as rent, dividends, interest or capital gains.

For additional information on completing Form W-4, get a copy of Publication 505, *Tax Withholding and Estimated Tax* and Publication 919, *How Do I Adjust My Tax Withholding?* Try out the "Withholding Calculator" by visiting www.irs.gov and typing in *withholding calculator* into the search feature.

To ask a question or make suggestions about this new page, contact Melodie Gren @ Melodie.f.gren@irs.gov

Taxpayers Can Split Their Refunds

For the first time, taxpayers have more choice and more flexibility for Direct Deposits of their refunds. You will be able to fill out Form 8888, *Direct Deposit of Refund*, and instruct the IRS to split your refund and directly deposit the money in up to three accounts, such as checking, savings and an IRA.

IRS will electronically deposit refunds to any of a taxpayer's checking or savings accounts with U.S. financial institutions, providing:

- The taxpayer supplies accurate account and routing numbers; and
- The financial institutions accept direct deposits for the type of accounts designated.

Examples of savings accounts taxpayers can choose to direct their refunds to include, but are not limited to:

- Regular passbook savings accounts;
- Individual retirement arrangements (IRAs);
- Health savings accounts (HSAs);
- Archer MSAs

Start thinking now about how you can benefit from Refund Splitting. Check here for additional information on [Split Refunds](#).



Tax News For You!

Millions Eligible to Claim the Telephone Tax Refund

The IRS has decided to refund a portion of the tax charged on long-distance calls made between February 28, 2003 and August 1, 2006. This refund also includes taxes collected on telephone service under plans that do not differentiate between long distance and local calls. You will be able to request the refund this year when you file your 2006 tax return.

Individual taxpayers can qualify for a standard amount from \$30 to \$60 based on the number of exemptions claimed on their 2006 federal income tax return. For those claiming:

- **one exemption**, the standard refund amount is: **\$30**
- **two exemptions**, the standard refund amount is: **\$40**
- **three exemptions**, the standard refund amount is: **\$50**
- **four exemptions or more**, the standard refund amount is: **\$60**

Most taxpayers will claim the refund when they file their tax return (1040EZ, 1040A, 1040NR, or 1040) for 2006. For those taxpayers whose income is low enough that they don't need to file a tax return they will be able to claim the refund using new Form 1040EZ-T. Remember the filing deadline is April 16, 2007.

Check here for additional information on the [Telephone Tax Refund](#).

Changes in Deductions for Charitable Contributions

New this year:

- For contributions made after August 17, 2006, no deduction is allowed for most contributions of clothing and household items unless the property is in good used condition or better.
- Cash contributions made in tax years beginning after August 17, 2006 must be supported by a dated bank record or receipt.

For more information on Charitable Contributions get a copy of Publication 526, *Charitable Contributions*.

To order forms or publications contact Don Broyles at IRS at don.w.broyles@irs.gov or (503) 326-2150 or download them at www.irs.gov.



Remember to check and see if you qualify for the Earned Income Tax Credit!!

Special thanks to Don Broyles and Kathy Howell for their contribution to this new feature page!

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- **Call: Customer Account Services** toll free **877-829-5500**
- **Visit: Indian Tribal Governments** Web site at www.irs.gov/tribes
- **Write: Internal Revenue Service**

Indian Tribal Governments SE:T:GE:ITG

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