

# ITG News



Keeping First Nations Informed

October 2010

Publication 4267F

Catalog Number 37828F

Southwest Edition

## Proposed Regulations Expand the Use of Electronic Payment System and Discontinue Paper Coupons Next Year

Consistent with a Financial Management Service initiative announced in April of this year, the IRS issued proposed regulations to significantly increase the number of electronic transactions between taxpayers and the federal government.

The proposed regulations (REG 153340-09) would eliminate the rules for making federal tax deposits by paper coupon because the paper coupon system will no longer be maintained by the Treasury Department after December 31, 2010. The proposed regulations generally maintain existing rules for depositing federal taxes through the Electronic Federal Tax Payment System (EFTPS).

Using EFTPS to make federal tax deposits provides substantial benefits to both taxpayers and the government. EFTPS users can make tax payments 24 hours a day, seven days a week from home or the office.

Deposits can be made online with a computer or by telephone. EFTPS also significantly reduces payment-related errors that could result in a penalty. The system helps taxpayers schedule dates to make payments even when they are out of town or on vacation when a payment is due. EFTPS business users can schedule payments up to 120 days in advance of the desired payment date. Information on EFTPS, including how to enroll, can be found at [www.eftps.gov](http://www.eftps.gov) or by calling EFTPS Customer Service at 1-800-555-4477.

Some businesses paying a minimal amount of tax may make their payments with the related tax return, instead of using EFTPS. More details regarding taxes required to be deposited using EFTPS, dollar thresholds and other specific requirements are in the proposed regulations.



*A decade of service to America's first nations.*

## IN THIS ISSUE

Discontinue Paper Coupons	1
Message from the Director	2
EFTPS Scam	3
Excise Tax on Indoor Tanning Services—Webinar	3
Changes to Flexible Spending Accounts	4
IRS Invites Public Comment: New Reporting of Payments Made in a Trade or Business	4
Do You Know a Small Organization at Risk of Losing Its Exempt Status?	5
Pre Order the Tax Calendar for Small Businesses and Self-Employed	5
Retirement Plan Contributions—What is Qualified Income?	6
Employment Tax Workshops Scheduled	6-7
Southwest Indian Tribal Government Specialists	8
Tax Calendar for the 4th Quarter of 2010	9-10



## Message from the Director

Fall is here and for those of us at the Internal Revenue Service, it is the beginning of a new fiscal year. We will soon be issuing our FY2011 Work Plan, sending out a new Customer Satisfaction Survey, and beginning a new round of training for Tribes. Fall is always a busy time in ITG!

In the coming fiscal year, I expect ITG to try some new ways of communicating with the Tribes. For example, later this fiscal year we will hold our first ever webinar! We also plan to update our publications, make subscribing to this newsletter easier, and enhance our website. We are seeking to improve our communication with you and make it easier for you to get the information you need to administer your tribe's tax matters. Please suggest things that you think would be useful. We will listen.

ITG will continue to hold listening meetings as part of our commitment to consult with tribes. We will resume holding 4 regional meetings per year and will announce the schedule soon. These sessions are a good chance for us to hear from you and to discuss areas of concern, answer questions you may have, and reaffirm our government-to-government relationship. We will also be participating in national and regional tribal meetings such as NAFOA, NITA, and NCAI to continue to provide current information on federal tax matters. Invite us and we will come to your regional meetings as well.

Finally, we will be using our website to continue to keep you up to date on matters related to implementing the Affordable Care Act and other legislation which impacts tribes and tribal members. As you know, there are many consultation efforts underway across multiple federal agencies on these matters. We know they are important to you and we will make every effort to get information to you quickly.

*Christie Jacobs*

## Customer Satisfaction Survey is Coming

As a reminder, our annual Customer Satisfaction Survey will be in the mail in the near future. The purpose of the survey is to obtain feedback from our customers that will allow us to measure customer satisfaction with our products and services, and to determine areas where we need to effect operational changes.



## Current scams and phishing sites posing as the IRS

You need to be aware of a new fraud risk. The current risk is related to the Electronic Federal Tax Payment System (EFTPS).

Recently, the IRS became aware of a fraudulent scheme targeting EFTPS users, the scheme uses an e-mail that claims your tax payment was rejected and directs you to a website for additional information. The website contains malware that will attempt to infect your computer.

If you receive a message claiming to be from the IRS or EFTPS, please:

- Do not reply to the sender,
- Do not access links on the site or
- Do not submit any information to them.

If you receive this e-mail or any other suspicious e-mail, please forward the message or the URL information to the IRS at [phishing@irs.gov](mailto:phishing@irs.gov). More information on this can be found at [\*How to Report and Identify Phishing, E-mail Scams and Bogus IRS Web Sites\*](#).

For more information on [EFTPS](#), please refer to page 1 of this newsletter.

**Remember:** The IRS does not initiate taxpayer communications through e-mail.

## Webinar on the Indoor Tanning Excise Tax

On October 6, 2010 (2:00 PM ET), the IRS will have a FREE webinar on the new Indoor Tanning Excise Tax. The webinar will cover: the new regulations, who is liable, collecting and remitting the tax, the tax forms, and more. Additional information can be found at <http://www.irs.gov/businesses/small/article/0,,id=166814,00.html#2>

**Register on-line at:** <http://www.visualwebcaster.com/IRS/72128/reg.asp?id=72128>



## Tax News For You! Individual Tribal Member Information

### Changes to Flexible Spending Arrangements

Effective January 1, 2011, the cost of an over-the-counter medicine or drug cannot be reimbursed from Flexible Spending Arrangements or health reimbursement arrangements unless a prescription is obtained. The change does not affect insulin, even if purchased without a prescription, or other health care expenses such as medical devices, eye glasses, contact lenses, co-pays and deductibles. The new standard applies only to purchases made on or after January 1, 2011, so claims for medicines or drugs purchased without a prescription in 2010 can still be reimbursed in 2011, if allowed by the employer's plan. A similar rule goes into effect on January 1, 2011 for Health Savings Accounts (HSAs), and Archer Medical Savings Accounts (Archer MSAs). Employers and employees should take these changes into account as they make health benefit decisions for 2011.

For more information, see news release [IR-2010-95](#), [Notice 2010-59](#), [Revenue Ruling 2010-23](#) and our [questions and answers](#).

### IRS Invites Public Comment: New Reporting of Payments Made in a Trade or Business

[Notice 2010-51](#) invites public comments regarding guidance to be provided concerning new requirements with respect to the reporting of payments made in the course of the payor's trade or business. Very generally, these new requirements imposed by Section 9006 of Affordable Care Act expand the existing information reporting requirements to apply to payments made to corporations and to include certain payments of gross proceeds and with respect to property.

## 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](mailto:ITG.TaxTools@irs.gov)



## **Do You Know a Small Organization at Risk of Losing Its Exempt Status?**

We need your help to prevent tax-exempt organizations in your community from losing their tax exemption. Tax-exempt organizations, except churches and church-related groups, that fail to file for three consecutive years [automatically lose their tax-exempt status](#). The IRS is providing [one-time relief](#) to allow small tax-exempt organizations to come back into compliance by October 15, 2010, and retain their tax-exempt status even though they failed to file for three consecutive years. The IRS has published a [list](#) of over 300,000 organizations at risk of losing their exemption because the IRS has no record of their filing for 2007, 2008 or 2009.

## **Pre-Order the Tax Calendar for Small Businesses and Self-Employed**

The 2011 Tax Calendar is available for pre-order. If you order now, the English version of the 2011 Tax Calendar will be shipped by early November. The Tax Calendar for Small Businesses and Self-Employed (Pub 1518, Catalog Number 12350Z) is a 12-month wall calendar. It is filled with useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, and common tax filing dates. Each page highlights different tax issues and tips that may be relevant to small business owners with room on each month to add notes, state tax dates, or business appointments. [Copies can be ordered online](#) or from the IRS by calling (800) 829-3676.

## **Bank Secrecy Act (BSA) E-Filing Announces New Toll Free Number and Email Address**

The Financial Crimes Enforcement Network (FinCEN) announces a new toll free number and email address for the Bank Secrecy Act Electronic Filing (BSA E-Filing) Service Desk.

The new number is 1-866-346-9478 (Option 1) and the new email address is [BSAEFilingHelp@fincen.gov](mailto:BSAEFilingHelp@fincen.gov). The Service Desk hours and days of operation will remain the same: Monday through Friday 8 a.m. to 6 p.m. East Coast Time. The BSA E-Filing homepage is located at <http://bsaefiling.fincen.treas.gov>.



## Retirement Plan Contributions—What is Qualified Income?

Recently, there have been many questions raised as to what is qualified income for making 401-K contributions. This is especially true for payments made to elected officials that are not subject to Social Security Tax or Medicare Tax as a result of [Revenue Ruling 59-354](#). Additionally the payments from a non-accountable travel plan have been questioned. For more information on Accountable and Non-Accountable plans, please refer to page 33 of [Publication 4268, Employment Tax Desk Guide](#).

[Publication 525, Taxable and Nontaxable Income](#) discusses what is qualified income for making contributions into your 401-K plan. These payments include but are not limited to the following:

- Wages as defined for income tax withholding purposes.
- Wages as reported in box 1 of Form W-2, *Wage and Tax Statement*.
- Wages that are subject to social security withholding (including elective deferrals).

ITG Specialists are not specifically trained to answer your pension questions, however, your specialist can refer your inquiry to Employee Plans for a response, if needed.

## Employment Tax Workshops Scheduled

The Office of Indian Tribal Governments has developed a series of intensive workshops to assist tribal employees with the knowledge necessary to address federal employment tax responsibilities. Issues covered 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 of 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

Currently, the Southwest Group has Employment Tax training scheduled at the Fort McDowell Casino. The casino and hotel are located 10424 N Fort McDowell Rd, Fort McDowell, Arizona. The workshops are scheduled for October 26th-27th and October 28th-29th. Please e-mail your registration information from Page 6 to: [Marvin.E.Millsap@irs.gov](mailto:Marvin.E.Millsap@irs.gov) or register on-line at <http://www.irs.gov/govt/tribes/article/0,,id=208189,00.html>.





>>>> *Southwest Indian Tribal Government Specialists* <<<<

Due to recent personnel changes and realignment of tribal assignments, the current Southwest ITG Specialists are listed below with their assigned tribes and pueblos. If you have a question and your assigned Specialist is not available, please contact **Lonnette Graham**, Southwest Group Manager, at (505) 837-5536 or e-mail her at [Lonnette.L.Graham@irs.gov](mailto:Lonnette.L.Graham@irs.gov). If no one is available please contact us at (202) 283-9800 and someone will return your call within 24 hours.

<p><b>Aaron Coleman</b>  <a href="mailto:Aaron.H.Coleman@irs.gov">Aaron.H.Coleman@irs.gov</a>          (623) 643-0489</p>	<p><b>Arizona:</b> Fort Mojave Indian Tribe, Havasupai Tribe, Kaibab-Paiute Tribe, Navajo Nation-- Chinle Agency, San Juan Southern Paiute &amp; Tonto Apache</p> <p><b>Utah:</b> Ute Indian Tribe of the Uintah &amp; Ouray Reservation</p> <p><b>Texas:</b> Ysleta Del Sur Pueblo</p>
<p><b>Jimmy Crook</b>  <a href="mailto:Jimmy.C.Crook@irs.gov">Jimmy.C.Crook@irs.gov</a>          (505) 837-5613</p>	<p><b>New Mexico:</b> Isleta Pueblo, Laguna Pueblo; Mescalero Apache Tribe, Ohkay Ohwingey Pueblo, Pojoaque Pueblo, Sandia Pueblo, Santa Ana Pueblo &amp; Tesuque Pueblo</p>
<p><b>Tricia Miller</b>  <a href="mailto:Tricia.L.Miller@irs.gov">Tricia.L.Miller@irs.gov</a>          (520) 205-5078</p>	<p><b>Arizona:</b> Ak-Chin Indian Community, Navajo Nation-Fort Defiance Agency</p> <p><b>Colorado:</b> Southern Ute Tribe, Ute Mountain Ute Tribe</p> <p><b>New Mexico:</b> Picuris Pueblo, Santo Domingo Pueblo</p> <p><b>Utah:</b> Paiute Indian Tribe of Utah</p>
<p><b>Marvin Millsap</b>  <a href="mailto:Marvin.E.Millsap@irs.gov">Marvin.E.Millsap@irs.gov</a>          (602) 636-9189</p>	<p><b>Arizona:</b> Fort McDowell Yavapai Nation; Hopi Tribe, Hualapai Tribe, Yavapai-Prescott Indian Tribe</p> <p><b>New Mexico:</b> Cochiti Pueblo, Navajo Nation–Eastern Agency, San Ildefonso Pueblo</p>
<p><b>Theresa Nosie</b>  <a href="mailto:Theresa.S.Nosie@irs.gov">Theresa.S.Nosie@irs.gov</a>          (480) 503-7318</p>	<p><b>Arizona:</b> Navajo Nation Government, Navajo Nation-Western Agency, Salt River Pima-Maricopa Indian Community, White Mountain Apache Tribe</p> <p><b>New Mexico:</b> Zuni Pueblo; Pueblo of Jemez</p> <p><b>Utah:</b> Skull Valley Band of Goshutes</p>
<p><b>Michelle Risk</b>  <a href="mailto:Michelle.L.Risk@irs.gov">Michelle.L.Risk@irs.gov</a>          (520) 205-5022</p>	<p><b>Arizona:</b> Cocopah Indian Tribe, Colorado River Indian Tribes, Fort Yuma-Quechan Indian Tribe, Gila River Indian Community, Pascua Yaqui Tribe, San Carlos Apache Tribe, Tohono O'odham Nation &amp; Yavapai-Apache Nation</p>
<p><b>Tiffany Zerangue</b>  <a href="mailto:Tiffany.Zerangue@irs.gov">Tiffany.Zerangue@irs.gov</a>          (505) 837-5633</p>	<p><b>New Mexico:</b> Acoma Pueblo, Jicarilla Apache Tribe, Nambe Pueblo, Navajo Nation-Northern Agency, San Felipe Pueblo, Santa Clara Pueblo, Taos Pueblo, &amp; Zia Pueblo</p>

For a complete listing of ITG Specialists and their assigned tribes and pueblos, go to:  
[http://www.irs.gov/pub/irs-tege/itg\\_specialists.pdf](http://www.irs.gov/pub/irs-tege/itg_specialists.pdf)

To add your name or e-mail address to our mailing list, please contact us via e-mail at [Michelle.L.Risk@irs.gov](mailto:Michelle.L.Risk@irs.gov), or call Michelle Risk at (520) 205-5022.



# Federal Tax Calendar for Fourth Quarter 2010

## October 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 Make a deposit for Sep 25-28.*	2
3	4	5	6 Make a deposit for Sep 29-Oct 1.*	7	8 Make a deposit for Oct 2-5.* .*	9
10	11	12 Employees are required to report to you tips of \$20 or more earned during September.	13	14 Make a deposit for Oct 6-8.*	15 Make a deposit for Oct 9-12.* Make a deposit for Sep under monthly deposit rule.**	16
17	18	19	20 Make a deposit for Oct 13-15.*	21	22 Make a deposit for Oct 16-19.*	23
24/31	25	26	27 Make a deposit for Oct 20-22.*	28	29 Make a deposit for Oct 23-26.*	30

## November 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 <i>File Form 720 the 3rd calendar quarter of 2010.</i>		3 Make a deposit for Oct 27-29.*	4	5 Make a deposit for Oct 30—Nov 2.*	6
		9	10 Make a deposit for Nov 3-5.* Employees are required to report to you tips of \$20 or more earned during October.	11	12	13
14	15 Make a deposit for Nov 6-9* Make a deposit for Oct under monthly deposit rule.**	16	17 Make a deposit for Nov 10-12.*	18	19 Make a deposit for Nov 13-16.*	20
21	22	23	24 Make a deposit for Nov 17-19.*	25	26	27
28	29 Make a deposit for Nov 20-23.*	30 <i>Form 730 for wagers received during Oct.</i>				

**NOTE:** Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.  
 \* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.  
 \*\*= Make a Monthly Deposit if you qualify under that rule.



# December 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 Make a deposit for Nov 24-26.*	2	3 Make a deposit for Nov 27-30.*	4
5	6	7	8 Make a deposit for Dec 1-3.*	9	10 Make a deposit for Dec 4-7.* Employees are required to report to you tips of \$20 or more earned during September.	11
12	13	14	15 Make a deposit for Dec 8-10.* Make a deposit for Nov under monthly deposit rule.**	16	17 Make a deposit for Dec 11-14.*	18
19	20	21	22 Make a deposit for Dec 15-17.*	23	24	25
26	27 Make a deposit for Dec 18-21.*	28	29 Make a deposit for Dec 22-24.*	30	31	

\* = 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.

## Did you know?

You can subscribe/download the tax calendar to your Outlook or iCal. Just go to the link below and follow the instructions.

<http://www.irs.gov/businesses/small/article/0,,id=176080,00.html>

## Return Filing Dates

### November 1

- File Form 730 and pay the tax on applicable wages accepted during September 2010.
- File Form 720 for 3rd quarter of 2010.

### November 30

- File Form 730 and pay the tax on applicable wages accepted during October 2010.