



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D C. 20224

July 15, 2020

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Affected IRM: 4.88.1

MEMORANDUM FOR ALL INDIAN TRIBAL GOVERNMENTS EMPLOYEES

FROM: Angela Gartland /s/ *Angela Gartland*
Acting Director, Government Entities

SUBJECT: GITCA Renewal Without Full Rate Review

Purpose:

This memo's purpose is to provide procedures for recommending a Gaming Industry Tip Compliance Agreement (GITCA) three-year renewal without conducting a full rate review.

Background:

Before this guidance, ITG Specialists did not work a GITCA renewal (Tip Rate Review) case without a full rate review.

Procedural Change:

In order to keep the ITG Tip Program consistent with National Tip Reporting Compliance (NTRC) Program, ITG Specialists can now recommend an agreement renewal without doing a full rate review. A full rate review may not be necessary if the participating taxpayer

- is following the terms of their agreement,
- is not on comparable rates,
- has reported substantially all tip income and
- is complying with their payment and reporting responsibilities.

Examiner Responsibilities:

To make this determination, the ITG specialist will complete and document the following actions:

- Review the current GITCA (such as, addenda, prior extensions, economic rate reductions) to determine if renewal is appropriate.

- Research IDRS to confirm the taxpayer's filing compliance.
- Analyze Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, (per IRM [4.23.7.7\(2\)](#)), if applicable, to determine if reported tips are reasonable.
- Review the GITCA Year-End reports the taxpayer filed for the full-term of the current GITCA agreement. Compare a sample of the participant rates and hours with the tip income reported. If a Form 8027 is filed, also compare the volume and type of non-participants by outlet.
- Contact the designated taxpayer's representative to secure insights from managers and/or employees to determine if the tip rates are appropriate.
- Research the internet and review the taxpayer's website to identify new venues, property expansion and changes in economic conditions, competition or ownership.
- Do a virtual walk-through of the property to reconcile the GITCA Appendix A to outlets observed on the taxpayer's website.

If you determine the taxpayer is a candidate for GITCA renewal without a full rate review:

1. Prepare and submit a recommendation containing a summary of findings to the group manager within 15 business days of when you decide. Include in your recommendation: a brief overview of the property, such as the size of the business along with the number of gaming features, restaurants and hotels on the property.
2. The group manager has 15 business days from when they receive the recommendation to review and forward the approved recommendation to the ITG Tip analyst.
3. The ITG Tip analyst will consult with the group manager and specialist as needed. If the ITG Tip analyst concurs, he/she will forward the recommendation to the ITG Program Manager within 20 business days from the day they received the recommendation.
4. The ITG Program Manager reviews the summary findings and makes the final decision whether to renew an agreement without a full rate review. In making this determination, the ITG Program Manager considers the facts in the recommendation, as well as resource availability and workload needs. If the ITG Program Manager determines the taxpayer:
 - is a candidate for GITCA renewal without a full rate review, he/she documents concurrence in the case file, and approves the ITG specialist offering a GITCA renewal without a full rate review. ITG specialists follow procedures starting at IRM [4.23.7.10.6.3\(5\)](#) h.
 - is not a candidate for GITCA renewal without a full rate review, he/she documents the case file indicating the basis for that determination. ITG specialists pursue a renewed GITCA, including a full rate review, following procedures starting at IRM [4.23.7.10.6.3\(5\)](#).

Effect on Other Documents:

We'll incorporate this guidance into IRM 4.88.1, Examination Issues Pertaining to ITG Cases, by July 15, 2022.

Effective Date:

This interim guidance is effective July 15, 2020.

Contact:

If you have questions about this guidance, please contact Telly Meier, Program Manager, Indian Tribal Governments.

Attachment:

IRM [4.23.7.10.6.3](#) summarizes the GITCA Rate Review process and the roles and responsibilities of each IRS stakeholder involved in the GITCA Rate Review process. Replace references to certain positions in 4.23.7.10.6.3 with the ITG equivalent position as referenced in parenthesis:

- (i) SBSE ET Field, Examiner (ITG Specialist)
- (ii) SB/SE ET Territory Tip Coordinator/SB/SE ET NTRC Program Analyst (ITG Senior Tax Analyst)
- (iii) SB/SE ET NTRC Group Manager (ITG FO Managers)
- (iv) NTRCP Program Manager (ITG Program Manager)

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