

ITG News

Indian Tribal Governments



Keeping First Nations Informed

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New Compliance Unit to Debut

Fiscal Year 2009 has closed with a number of significant changes in ITG operations. As many may be aware, the federal budget provided for increased staffing for the IRS as a whole, and ITG was pleased to be able to hire 17 new employees over the past four months. This staffing not only allowed us to replace many employees who had retired or otherwise departed, but actually allowed us to increase our resources in some geographic areas where we had need.

The budget also permitted us to create the "Government Entities Compliance Unit" (GECU), a new function that will be based at our Ogden campus. This unit has already begun work to address compliance issues involving tax exempt bonds, but in the near future they will be undertaking some initiatives directly involving tribal governments. An experienced ITG Specialist is serving as a coordinator for these efforts, and will be assisting with staff training. The ITG Director will also be closely involved.

At present, the GECU is studying a number of initiatives, including following up with tribes where tax deposits have been made but no return has been filed, working with tribes to complete and submit delinquent returns, and conducting assessments of potential areas for outreach and education.

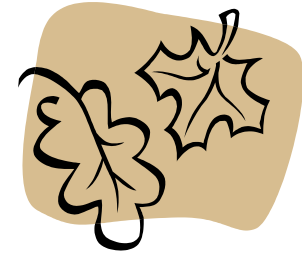
The new unit will not affect the ability of tribes to work directly with their assigned ITG Specialist. That designee will remain the principal point of contact for tribes on any federal tax administration matter, and can also be consulted on any inquiry received from the GECU.

Consultation Listening Meetings

Our appreciation to everyone who attended the FY 2009 meetings held in Anchorage, Washington D.C. Tulsa, and Albuquerque. Your input is a valuable part of our planning and operations. Our tentative meetings for FY 2010 are listed below. Watch the ITG web site and future editions of ITG News for the specific dates and locations.

Tentative Consultation Listening Meetings for FY 2010

California	Minnesota
Nevada	Western Oklahoma



...the GECU will help address compliance issues, but will not affect the ability of tribes to work with the assigned ITG Specialist...

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Update on Customer Satisfaction Survey

We recently began tabulating the results from the FY 2009 Customer Satisfaction Survey. We received 211 responses, a record number. We appreciate everyone's time taken to complete and return the survey form.

As in past years, we will publish a report on the findings from the survey, and will post it to the ITG landing page at www.irs.gov/tribes. We will also convene a team to review the results and determine any actions that ITG can undertake to address concerns raised, or to strengthen the areas that tribes value. Past actions have included increased outreach, web site enhancements, improved communication processes, and assistance in mitigating penalties.

The eventual actions to be undertaken during FY 2010 will be highlighted in future editions of ITG News

Top Five Bank Secrecy Act Casino Issues

Many tribes have entities subject to the Bank Secrecy Act (BSA), in particular those who operate gaming establishments. ITG provides limited outreach and education on BSA issues, and the Small Business/Self-Employed Division conducts examinations on this area.

The following list reflects common audit issues identified on current BSA casino examinations. It should be noted that this is universal to all gaming operations, not just those that are operated by tribes:

- Failure to create due diligent procedures for mismatched SSNs as identified by the Enterprise Computing Center—Detroit on filed currency transaction reports
- Failure to create due diligent procedures when presented with post office box numbers as permanent addresses for BSA required records or reports (See page 3 for details)
- Failure to adequately use all available information when required for BSA compliance
- Failure to adequately use automated data processing to aid in assuring BSA compliance
- Inaccurate and incomplete currency transaction reports and suspicious activity reports.



FinCEN Implements SAR Acknowledgements and Validations for BSA E-Filing Submissions

FinCEN continues to improve its [BSA E-Filing System](#). On September 12, 2009, the Financial Crimes Enforcement Network (FinCEN) implemented a file acknowledgement for Suspicious Activity Reports (SARs) received; and will provide, at the time of acknowledgment, a Document Control Number (DCN) for each SAR filed.

The BSA E-Filing system offers filers a self-enrollment feature to allow them to register to receive SAR Acknowledgement files when they are ready to begin processing. Please note, the SAR Acknowledgement functionality is only available for SAR filings submitted electronically via the BSA E-Filing system. SAR filings submitted via paper are not acknowledged.

In December 2009, FinCEN will implement SAR Validations, which will provide error codes and descriptions to filers to help them more easily identify specific filing errors.

Please direct questions about the SAR Acknowledgements functionality to the BSA E-Filing System Help Desk at 1-888-827-2778 (option 6) or via email at BSAEFilingHelp@notes.tcs.treas.gov. The Help Desk is available Monday through Friday 8 a.m. - 6 p.m. ET. The BSA E-Filing homepage is located at <http://bsaefiling.fincen.treas.gov/>.

Using Post Office Box Numbers as Permanent Addresses

FinCEN Forms 103 (Currency Transaction Report by Casinos) and 103 (Suspicious Activity Report by Casinos and Card Clubs) require that a permanent street address of the customer and/or agent of the customer be reported. A post office box number is permissible as the permanent address if the casino has determined through effective due diligence procedures that the customer does not have a permanent address. Do not assume that a customer does not have a permanent address if a PO Box number is listed on their driver's license. If a customer indicates they have a permanent address but refuses to provide it, and the casino conducts the transaction, the casino would not be in compliance with BSA requirements.

The BSA Compliance Program at every casino should contain due diligence policies and procedures that require personnel to obtain and record a permanent address when required. Such procedures could require the use of additional sources available to the casino, such as:

- Photo copies or scanned images of any ID used by the casino for BSA compliance;
- All address fields in all ADP systems created by the casino;
- Federal tax forms filed or used for customers' gaming activity, such Form W-2G, Form W-9, or Form 1099;
- Other customer documents such as players club account applications or copies of checks;
- Public on-line database search engines that do not require a subscription;
- Organizations that provide subscription services to businesses and governmental agencies containing individuals' personal ID information from their commercial databases if the casino subscribes to any of these services.

Contact your ITG Specialist for more information regarding BSA Compliance Program requirements.



Identity Theft Attempts Continue

Tribes and tribal members continue to receive e-mails regarding alleged refunds that are due, or that tribes and tribal members are exempt from federal income tax. The messages often purport to come from the Internal Revenue Service. These e-mail messages are not only false, but most importantly represent attempts at identity theft. They are commonly known as "phishing".

There are several ways you can determine these messages are false:

- The IRS does not send any confidential tax information by e-mail on the Internet. Since it is not a secure communication system, we simply cannot use it to transmit personal information. Thus these messages would never originate from the IRS, even if the sender uses the IRS name or an "irs.gov" e-mail extension.
- The messages often contain serious spelling errors, including one that recently misspelled the word "Service" in our agency name.
- The recipient is asked to complete a form that has a legitimate IRS form name, but is not that form. Recipients can always access IRS forms through the www.irs.gov web site, and then can compare the actual form to the version provided in the e-mail. You will readily see the difference, or may even discover that there is no actual IRS form number that matches the one you have been provided.
- The recipient is asked to provide personal information that the IRS would never seek. This often includes bank account numbers and PINs, ostensibly so the sender can deposit money owed to the recipient of the e-mail. A PIN is not required for making a deposit to a bank account, and the IRS would never ask for that information since only the bank routing and account number are required for a direct deposit.
- Many of these attempts at identity theft ask the recipient to fax a completed form to a long distance telephone number. These are generally fax forwarding services, where your faxed information is immediately relayed elsewhere, often offshore beyond the reach of regulators and law enforcement.

Do not respond to these solicitations. Instead, please report them to your assigned ITG Specialist who in turn will report it to the IRS office that investigates "phishing". We will also ensure that other tribes that might be subject to these efforts are aware of the latest versions of identity theft.

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



Update on Tribal Economic Development Bonds

The Internal Revenue Service has allocated authority to issue Tribal Economic Development Bonds under the American Recovery and Reinvestment Act of 2009.

In [Notice 2009-51](#), the IRS solicited applications for the allocation of \$2 billion of national bond volume limitation authority (volume cap) to issue Tribal Economic Development Bonds under section 7871(f) of the Internal Revenue Code. Section seven of the notice provides that the volume cap is to be allocated in at least two tranches, the first of which would not exceed \$1 billion in total with a \$30 million limitation per Indian tribal government.

The IRS received 58 applications requesting a total of \$1,329,487,364.88 in volume cap available under the first tranche. Pursuant to the notice, the IRS allocated pro rata amounts of volume cap to the projects described in the applications such that the total amount allocated under the first tranche did not exceed \$1 billion.

For those applicants who elected to consent to public disclosure, the IRS released an [allocation schedule](#) showing the names of the Indian tribal governments, the types and locations of the projects described in the applications and the amounts of the awarded allocations.

The Second Allocation will address the remaining \$1 billion for qualified projects for which applications meeting the requirements have been filed with the IRS on or before January 1, 2010. If the total amount of volume cap requested in all applications received on or before that date does not exceed the \$1 billion, then each applicant will be allocated the amount of volume cap requested and any volume cap remaining may be available for allocation by the IRS as part of an allocation process to be announced by the IRS at some future date. If the total amount of volume cap requested in all applications received on or before January 1, 2010 exceeds \$1 billion, then each applicant will be allocated the amount of volume cap requested reduced pro rata such that the total amount allocated does not exceed the \$1 billion.

Applicants must include a description of the project, or any related project, for which a prior allocation was made, as well as the name of the applicant that received the allocation. For this purpose, related projects include facilities that are owned by the same Indian tribal government, a political subdivision of the Indian tribal government, or an entity controlled by the Indian tribal government, which are (i) located at or near the same site, and (ii) are integrated, interconnected, or directly or indirectly dependent on each other based on all the facts and circumstances.

Self-Assess Your Federal Tax Compliance Risks

Tribal entities can self-assess their federal tax compliance and work with ITG to address any problems they uncover. Information on the program is available through the ["Self Assess 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



SUCCESSFUL TRAINING IN DULUTH!

On August 18 and 19, approximately 25 tribal employees attended the IRS Employment Tax Workshop presented by ITG Specialists Stan Wiatros and Sandy King in Duluth, MN. Several different tribal governments were represented from Michigan, Wisconsin, Minnesota, and South Dakota. In addition to IRS employment tax issues such as “Defining an Employee vs. Independent Contractor”, “Making Federal Tax Deposits and Avoiding Penalties”, “Reconciling Forms 941 and W-2 at year end”, just to name a few—we were also visited by representatives from the Minnesota Unemployment Insurance Program and the Social Security Administration.

Feedback from the participants was very favorable—Stan, Sandy, and Serina wish to thank everyone who attended and participated. Despite the cool and rainy weather the two days were considered a great success!

We plan to offer similar training every year in various locations in our areas. Please let us know if you would like to “host” our next event.



Are You Having a Problem Dealing with the IRS?

You receive a notice in the mail from the IRS. You are the employee of the tribal government or business enterprise, and this is your responsibility to handle the situation. You pick up the telephone and the IRS employee wants to know if you are an authorized person to receive this information. The IRS employee is just protecting the privacy of the tribal government or enterprise.

In many cases you will be requested to provide a Form 2848, Power of Attorney and Declaration of Representation or Form 8821, Tax Information Authorizations in order to receive any tax information. This same situation may occur when dealing with an ITG Specialist during an examination or other compliance activity. You may be requested to provide a Form 2848 or Form 8821 to receive the information on behalf of the tribal entity. The entity has the authority to determine who should receive the information or act on its behalf.

This is not to imply that you should not receive the information. The IRS only recognizes the officials of this entity or of the tribal government. On the back of the Form 2848 there is a designation as an employee of the entity. Your cooperation in providing a power of attorney or tax authorization will protect you as the employee of the entity. It will also protect the IRS employee providing you the information or assistance that you need to resolve the issue. More information on third party authorizations can be found at: <http://www.irs.gov/businesses/small/article/0,,id=10762,00.html>.



Message from the Director

As the federal government embarks on FY 2010, the office of Indian Tribal Governments enters its second decade of existence. Many people questioned the commitment of the IRS to retain this office when it was initially established, but we have successfully maintained the staffing and support necessary to address the unique federal tax administration issues for our First Nations, along with the expertise needed to meet their unique legal and cultural issues.

It has been a fast-paced decade. Not only has the world and our country changed dramatically; ITG has changed greatly as well. While we have maintained a fairly stable workforce, we have experienced significant turnover. Yes, tribes are not the only governments that see employees come and go.

Our current workforce is 74, but only 18 of our current staff have been with us since 2000. While the changes have been gradual, retirements and other job opportunities have led to major staffing changes over time.

Hopefully many of these changes have been transparent to you. Successful organizations are based on processes, not people. I believe we have created work processes that have allowed us to continue seamless operations despite the changes in personnel. Hopefully tribes agree with that, and have not experienced any problems when assigned ITG Specialists have departed.

We begin FY 2010 with 17 new employees, the largest number of new hires in ITG since 2001. They bring new energy and new ideas, which I plan to embrace. This means that many tribes will be meeting new ITG Specialists, and if your tribe has a newly assigned ITG Specialist, you should have received a letter of introduction. However, I also encourage you to visit the listing of ITG Specialists which can be located under the "Contacting ITG" link in the left border of our landing page at www.irs.gov/tribes.

Of course, I am always available to listen to any ideas, suggestions, and concerns, at christie.jacobs@irs.gov, or at (202) 283-9800.

Christie Jacobs



ITG Area Contacts

The complete list of ITG contacts for the Great Lakes area (Michigan, Minnesota, and Wisconsin) is as follows:

Serina Halverson, Manager Omaha, Nebraska 402-233-7328 Serina.M.Halverson@irs.gov	Sandy King, Specialist Grand Rapids, Michigan 616-365-4705 Sandra.King@irs.gov
Laurel Lasley, Specialist Grand Rapids, Michigan 616-365-4711 Laurel.L.Lasley@irs.gov	Stan Wiatros, Specialist St. Paul, Minnesota 651-312-7732 Stanley.J.Wiatros@irs.gov

Telephone, Internet, and Mailing Address:

Call: Customer Account Services (Toll free) 877-829-5500

Visit: Indian Tribal Governments at www.irs.gov/tribes

Write: Internal Revenue Service
Indian Tribal Governments SE:T:GE:ITG
1111 Constitution Ave., NW
Washington, DC 20224



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) 636-9181.

Topics Solicited

The ITG Newsletter staff encourages the submission of technical and procedural topics to be considered for an article. The goal is to support and educate tribal and tribal entity employees by disseminating information that promotes compliance with tax law requirements and regulations. Simply email your ideas to Sandra.King@irs.gov to be considered in the newsletter. If the topic is selected, I will research and prepare the article.



Tax News For You!—Individual Tribal Member Information

Is your withholding correct?

A Withholding Calculator at the IRS web page can be used to see if you need to make a change.

The purpose of this application is to help employees to ensure that they do not have too much or too little income tax withheld from their pay. It is not a replacement for Form W-4, but most people will find it more accurate and easier to use than the worksheets that accompany Form W-4. You may use the results of this program to help you complete a new Form W-4, which you will submit to your employer.

Tips For Using This Program

- Have your most recent pay stubs handy.
- Have your most recent income tax return handy.
- Fill in all information that applies to your situation.
- Estimate values if necessary, remembering that the results can only be as accurate as the input you provide.
- Consult the information links embedded in the program whenever you have a question.
- Print out the final screen that summarizes your input and the results, then use it to complete a new Form W-4 (if necessary), and keep it for your records.

You can find the calculator at www.irs.gov, using the search term "withholding calculator".

Tax Tools for Tribes

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.

You can order our comprehensive reference CD-ROM containing Publication 4268 (Employment Tax Guide for Tribes), Publication 3908 (Gaming Tax Law for Indian Tribal Governments), 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.

To add your name or e-mail address to our mailing list, please contact us via e-mail at Sandra.King@irs.gov or call Sandy King at (616) 365-4705.



Federal Tax Calendar for Fourth Quarter 2009

October 2009

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

November 2009

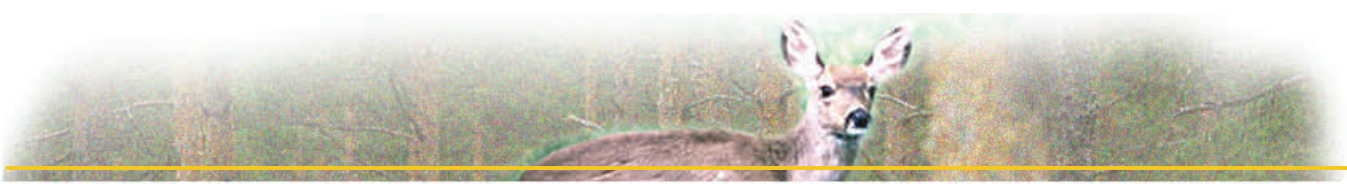
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4 * Make a deposit for 10/28-10/30	5	6 * Make a deposit for 10/31-11/3	7
8	9	10 Employees report October tip income to employers if \$20 or more	11	12 * Make a deposit for 11/4-11/6	13	14
15	16 * Make a deposit for 11/7-11/10 ** make a deposit for October if under the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

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

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

10

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



December 2009

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

Return Filing Dates

November 2nd

- > File Form 941 for the 3rd quarter of 2009. If all deposits were paid on time and in full, file by November 10th.
- > File Form 730 and pay the tax on applicable wagers accepted during September.

November 30th

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

December 31st

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