



EP & FSLG WORKING TOGETHER

Federal, State and Local Governments
April 22, 2008
Governmental Plans Roundtable



FSLG at a Glance

The office of Federal, State, and Local Governments of TE/GE is responsible for tax compliance and educational outreach assistance to Federal agencies, quasi-governmental entities, state and local governments, including the U.S. Territories.



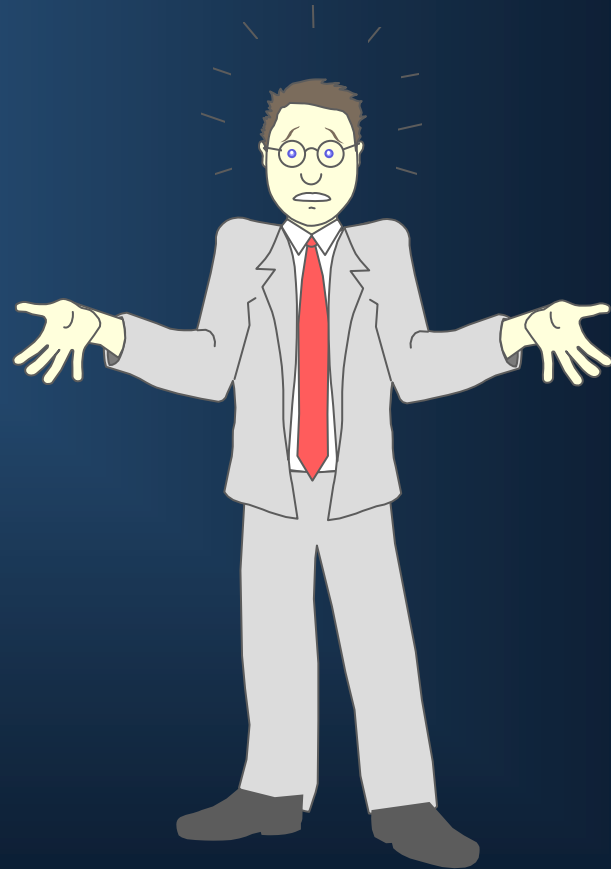
FSLG Mission Statement

- ▼ Provide Federal, state, local, and quasi-government customers top quality service by helping them to understand and comply with the applicable tax laws and to protect the public interest by applying the tax laws with integrity and fairness to all.



Common Compliance Issues

- ✓ Information Report Filing Compliance for W-2 and 1099 Returns
- ✓ Federal Return Filings
- ✓ Fringe Benefits
- ✓ Worker Classification.....





Outreach and Compliance

▼ FSLG Methods

- SEMINARS
- WEBSITE
- NEWSLETTER
- CUSTOMER ASSISTANCE
- COMPLIANCE CHECKS
- EXAMINATIONS





Governmental Retirement Plans (Most Common)

- ✓ Qualified Plans – IRC 401(a)
 - Most common governmental retirement systems
- ✓ IRC 403(b) – Public education
- ✓ IRC 457 Plans



EP & FSLG Related Issues

- ▼ Adjustments made by one may impact the other
 - Employee reclassification – FSLG
 - Taxable fringe benefits – FSLG
 - EP determination on deferred compensation plan may impact FIT & FICA



Employee Reclassification – Impact 401(a)

- ✓ Plan may fail to be qualified plan
- ✓ Employer pick-up issue
- ✓ Reclassified EE may have established plans based upon non-employee income
- ✓ FSLG will evaluate retroactive coverage under 31.3121(b)(7)-2 if social security replacement plan is an issue



FSLG Compliance Activity and EP Issues

- ✓ FSLG Specialists gather enough information from examination of payroll records to make a referral to EP
- ✓ FSLG Specialists do not examine EP plans, only make referrals to EP



Types of Referrals EP Sends to FSLG

- ✓ IRC 414(h)(2) SRC Pick-up – FICA not being paid, if applicable
- ✓ Questionable independent contractor issues
- ✓ When plan does not appear to be valid social security replacement plan
- ✓ Any issue that results in additional FIT or FICA withholding liability



Questions?

✓ FSLG contact information at:

- www.irs.gov

✓ Ask us a question at:

- tege.ask.fslg@irs.gov