

ITG News
Keeping First Nations Informed

Great Plains Edition
Publication 4267C
Catalog Number 37830C
July 2007

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Message from the Director

Our last issue of ITG News highlighted some of the results from our 2006 Customer Satisfaction Survey, and outlined some areas where ITG would be taking steps to effect operational changes. Several of those areas focused on communications, and specifically the challenges presented by the movement of personnel, offices, and evolving communication technology.

There is an old saying that "there is nothing as constant as change". The world around us changes so quickly that it is often difficult to keep pace. We utilize technology such as cell telephones, laptop computers, and the worldwide web, to communicate and attempt to stay abreast of changing events. However, change is not limited to technology; it also includes changes in personnel and personal relationships. All of us experience transitions in staffing. Key employees move into other positions, retire, or resign. Tribal enterprises and the IRS office of Indian Tribal Governments are not immune from those changes.

Recognizing this, in conjunction with feedback from the 2006 survey, has led ITG to implement several actions designed to improve the way we interact. These include:

ITG has created a listing on the ITG web site landing page of each tribe and their assigned ITG Specialist and telephone number. This listing will be refreshed every time a change is made in personnel or in telephone numbers.

ITG has created a back-up telephone number (202-283-9800) to reach an ITG employee in the event that a tribe's assigned ITG Specialist is not available. We will guarantee a return telephone call within 24 hours.

ITG will be disseminating information on reporting changes in tribal personnel or contact points to the IRS. For example, page 2 of this edition of ITG News contains an article on reporting address changes.

We will be continuing to seek opportunities to improve communications. I welcome your ideas, whether through future Customer Satisfaction Surveys, Consultation Listening meetings, or via e-mail to me at christie.jacobs@irs.gov.

Christie Jacobs

Consultation Listening Meeting Scheduled for Oklahoma City

In accordance with the Consultation procedures utilized by the Internal Revenue Service, ITG holds Consultation Listening meetings on a rotating basis throughout Indian country. The meetings are open to any tribal representatives, and provide an opportunity to surface concerns, ask questions, provide input and suggestions to ITG, and dialogue with other tribal representatives concerning federal tax issues. Our objective is to hold a meeting within each of the 12 BIA regions at least once every three years.

Our next meeting has been scheduled for Oklahoma City, Oklahoma on Thursday August 2nd. The meeting will be held from 1:00-4:00pm at:
Embassy Suites
1815 South Meridian Avenue
Oklahoma City, Oklahoma 73108

In order that we can adequately plan for the meeting, we ask that those wishing to attend register for the meeting through a link on our web site at www.irs.gov/tribes.

We plan to hold four meetings next year— in Alaska, the Pacific Northwest, Montana, and Phoenix. The specific dates, times, and locations for those meetings will be announced on our web site, and via direct mailings to the tribes in those areas.

Who Receives Your Letters from the IRS? Is this the Correct Person?

If not, has this caused delays in responding, and created unnecessary penalties or assessments? Here is how to correct the situation:

Form 8822 is used to make the appropriate changes. Part II of the form is used to change your business mailing address. Enter the returns that the change is being made for on line 8 or 9. Enter your business name on line 11a and your Employer Identification number on line 11b. Enter the old mailing address on line 12. The "in care of" (c/o) information should be entered on line 13 with the name of the person who should be receiving IRS correspondence. The business location information is entered on line 14.

An owner, officer, or representative must sign the form. An officer is the president, vice-president, chairman, vice-chairman, chief accounting officer, community service coordinator, office specialist, comptroller, etc.

File the form with the appropriate IRS Service Center as listed on the instruction page of form 8822. The form is available online at <http://www.irs.gov/pub/irs-pdf/f8822.pdf>.

Improving Bank Secrecy Act Compliance

IRS continues to work closely with tribal entities to assess their Bank Secrecy Act (BSA) Compliance programs, in an effort to ensure they have the tools and resources necessary to meet federal regulations. Our work includes Outreach/Education for affected tribal employees, BSA Compliance Checks to help identify material weaknesses, and examinations to identify compliance failures. The office of Indian Tribal Governments (ITG) undertakes Outreach/Education and BSA Compliance Checks, while dedicated staff from our Small Business/Self Employed Division conducts BSA examinations on all entities.

ITG's work in this regard has identified many significant problems in tribal entity BSA compliance, including:

- Written BSA Compliance Plans do not exist or are superficial
- No experienced BSA Compliance Officer
- No ongoing training of affected entity staff
- Extreme reluctance to file Suspicious Activity Reports
- Little or no testing to validate BSA procedures are being followed

The BSA examination staff completed 13 examinations of tribal casinos during the initial six months of this year, and 12 of them resulted in determinations that material violations of Bank Secrecy Act regulations had occurred.

These findings show that improvements in BSA compliance are a major issue that tribes face, and ITG stands ready to assist them in determining changes that may be required. However, tribal entities must first recognize that improvements may be required, and then must be willing to work with ITG to implement those changes.

If you have questions regarding the Bank Secrecy Act, or have an interest in determining where compliance improvements could be made, please contact your assigned ITG Specialist.

IRS/SSA Reconciliation

Have you received a letter from Social Security concerning a discrepancy between the wages you reported to Social Security and the wages you reported to the Internal Revenue Service? Did you know that you can submit the missing W-2s electronically, regardless of how you filed originally? To learn more about electronic filing using SSA's Business Services Online, go to www.socialsecurity.gov/employer. For additional information on the reconciliation process, go to www.socialsecurity.gov/employer/recon/recon.htm.

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) 207-8254.

Assess Your Own Level of Federal Tax Compliance

ITG continues to offer a self-assessment program where qualifying tribal entities can perform their own Compliance Checks. In order to qualify, the tribal entity must be current in the filing of all required federal tax returns, and must have fully paid all federal tax liabilities. They are then able to apply to perform a "self-Compliance Check", by submitting a request through the "Enhancing Federal Tax Compliance" link on the landing page of the ITG web site at www.irs.gov/tribes, or by notifying ITG in response to a contact we might initiate.

A special template with fill-in-the blank responses is utilized in conjunction with a special web page with linkages to reference material that will assist tribes in both understanding the process, as well as in completing their own Compliance Check.

As part of this process, tribal entities performing their own Compliance Check have the opportunity to effect any corrective actions. An ITG Specialist assists in that process, and will mitigate any penalties wherever possible. For example, if a tribal entity discovered during a self-Compliance Check that they had not filed required Forms 1099, the entity could make a self correction without risk of penalty.

There are several advantages that a tribe can realize through this process. Among them are:

Existing tribal finance staff might gain added insights into key federal tax administration issues that impact their positions and the tribal entity.

A new tribal finance officer could utilize a self assessment to establish a baseline of current federal tax compliance. It would improve their knowledge of the tax issues within the specific entity, and allow them to remedy any problems that might pre-date their assumption of tax responsibilities.

A tribal entity might identify a potential area of noncompliance that they wish to surface to ITG and remedy with minimal risk or cost.

This initiative empowers tribes to self-assess federal tax compliance and effect improvements. We look to further participation by tribal entities who believe they might benefit.

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) 686-4960, or via e-mail at: tege.itg.schemes@irs.gov

North Central States ITG Manager Retiring

John Walters of Fargo, ND, will be leaving IRS and heading for retirement on August 3, 2007. He will leave Serina Halverson of Omaha, acting in his absence until a permanent replacement is chosen. John has been with IRS since May of 1973, and has worked with Indian Tribal Governments for the last seven years. He has no immediate work plans, but will likely be involved with several projects of his own choosing.

John plans to continue to live in Fargo for now and will be spending a lot of time around the house working on his “Honey Do” list. He also plans to spend some time traveling to visit friends and relatives in Kansas, Texas, the Dakotas, and Yellowstone. He is looking for that great fishing spot for himself and the grandchildren, and says work will not be in his vocabulary for a while.

John wishes all of you the best and thanks everyone for their help over the years.

New Web-based Workshop Helps Tax Exempt Organizations Meet Their Compliance Responsibilities

The Internal Revenue Service has launched a new, free Web-based version of its popular Exempt Organizations Workshop. The online tutorial covers tax compliance issues which one million small and mid-sized organizations exempt from federal income tax under Internal Revenue Code section 501(c)(3) face.

The online workshop - *Stay Exempt—Tax Basics for 501(c)(3)s* - consists of live interactive modules on tax compliance topics for exempt organizations:

Tax-Exempt Status - How can you keep your 504(c)(3) exempt?
Unrelated Business Income - Does your organization generate taxable income?
Form 990 - Would you like to file an error-free return?
Employment Issues - How should you treat your workers for tax purposes?
Required Disclosures - To whom do you have to show your records?

Each training module contains learning objective as well as interactive exercises to keep the sessions lively. Users will also find dozens of links to IRS forms and publications that provide details about the topics in the modules. Users can complete the modules in any order and repeat them as many times as they like.

Online workshop - *Stay Exempt—Tax Basics for 502(c)(3)s* at <http://www.stayexempt.org>

FinCEN Delays Implementation of Revised Suspicious Activity Report (SAR) Forms

The Financial Crimes Enforcement Network (FinCEN) announced the delayed implementation of certain revised Suspicious Activity Report (SAR) forms that were scheduled to become effective on June 30, 2007. The agency is withdrawing this effective date for the revised SAR forms for depository institutions, casinos and card clubs, insurance companies, and the securities and futures industries. FinCEN will establish new effective and mandatory compliance dates for these revised forms in a future notice. The delay does not impact ongoing suspicious activity reporting, which will continue using the current

forms.

This announcement does not affect the BSA filing requirements, and financial institutions should continue filing using the current SAR forms. The delay of the SAR forms for depository institutions, casinos and card clubs, insurance companies, and the securities and futures industries does not alter the effective date of the revised forms for money services businesses, which became effective on March 31, 2007 and will become mandatory on October 1, 2007.

FinCEN has alerted BSA data users, such as the law enforcement community and regulators, of the data protocol issues and is providing information on the actions that have been taken to address them. As FinCEN and the IRS continue to pursue their data-quality management objective, they will advise database users of pending adjustments to ensure that the system retains its superior investigatory value.

Slot Machine and Video Lottery Terminal Jackpots Excluded from CTR Filing Requirements

On June 21, 2007, the Financial Crimes Enforcement Network (FinCEN) issued a new rule that exempts casinos from the requirement to file currency transactions reports (CTRs) on jackpots from slot machines and video lottery terminals. The rule also exempts reportable transactions in currency, under certain conditions, involving certain money plays and bills inserted into electronic gaming devices. This final regulation, which amends Bank Secrecy Act regulations, does not change the regulation requiring casinos to report all other transactions in currency of more than \$10,000.

The casino industry sought relief from this reporting requirement relating to jackpots from slot machines and video lottery terminals because these particular jackpots make up a significant percentage of CTRs filed by casinos, but present a low risk of money laundering. FinCEN accepted that customers who win more than \$10,000 in jackpots will have won those funds because of the workings of the random number generator in electronic gaming devices and, thus, are not likely to form part of a scheme to launder funds through casinos.

If you have any questions relating to this change, please contact your designated ITG Specialist.

Federal Tax Calendar for Third Quarter 2007

July 2007

Thursday, July 5 – *make a deposit for 6/27-6/29

Monday, July 9 - *make a deposit for 6/30-7/3

Tuesday, July 10 - Employees report June tip income to employers if \$20 or more

Wednesday, July 11 - *make a deposit for 7/4-7/6

Friday, July 13 - *make a deposit for 7/7-7/10

Monday, July 16 - **make a deposit for June if under the monthly deposit rule

Wednesday, July 18 - *make a deposit for 7/11-7/13

Friday, July 20 - *make a deposit for 7/14-7/17

Wednesday, July 25 - *make a deposit for 7/18-7/20

Friday, July 27 - *make a deposit for 7/21-7/24

August 2007

Wednesday, August 1 - *make a deposit for 7/25-7/27

Friday, August 3 - *make a deposit for 7/28-7/31

Wednesday, August 8 - *make a deposit for 8/1-8/3

Friday, August 10 - *make a deposit for 8/4-8/7 – Employees report July tip income if \$20 or more

Wednesday, August 15 - *make a deposit for 8/8-8/10 -- **make a deposit for July if under the monthly deposit rule

Friday, August 17 - *make a deposit for 8/11-8/14

Wednesday, August 22 - *make a deposit for 8/15-8/17

Friday, August 24 - *make a deposit for 8/18-8/21

Wednesday, August 29 - *make a deposit for 8/22-8/24

Friday, August 31 - *make a deposit for 8/25-8/28

September 2007

Thursday, September 6 - *make a deposit for 8/29-8/31

Friday, September 7 - *make a deposit for 9/1-9/4

Monday, September 10 - Employees report August tip income to employers if \$20 or more

Wednesday, September 12 - *make a deposit for 9/5- 9/7

Friday, September 14 - *make a deposit for 9/8-9/11

Monday, September 17 - **make a deposit for August if under the monthly deposit rule

Wednesday, September 19 - *make a deposit for 9/12-9/14

Friday, September 21 - *make a deposit for 9/15-9/18

Wednesday, September 26 - *make a deposit for 9/19-9/21

Friday, September 28 - *make a deposit for 9/22-9/25

Return Filing Dates

July 2nd

File Form 730 and pay the tax on applicable wagers accepted during May.

File Form 11-C to register and pay the annual tax if you are in the business of taking wagers

July 31st

File Form 941 for the 2nd quarter of 2007. If all deposits paid on time and in full, file by August 10th.

File Form 730 and pay the tax on applicable wagers accepted during June.

August 31st

File Form 730 and pay the tax on applicable wagers accepted during July.

October 1st

File Form 730 and pay the tax on applicable wagers accepted during August.