



ITG News

Indian Tribal
Governments



Keeping First Nations Informed

January 2008

Publication 4267B

Catalog Number 37829B

Oklahoma Edition

Message from the Director

We recently published the results from our fifth annual Customer Satisfaction Survey, and a summary is included in an article in this issue of ITG News. One of the questions posed in the survey seeks tribal input on our role in helping address the individual tax issues faced by tribal members. It has always been cited as an area where we need to improve.

One of the difficulties we face in helping address member issues is that we have no authority over individual federal tax issues. Individual tax matters are assigned to our Wage and Investment, and our Small Business/Self-Employed Divisions. Thus, our role is somewhat limited, but we continue to make efforts to raise issues within the Service, and to assist tribal members with information they need to be fully compliant with federal tax requirements. We have also forged a relationship with the Taxpayer Advocate Service that is designed to elevate systemic problems that are adversely impacting tribal members.

One current example of both the problems we all face, and the steps we are taking to assist on tribal member issues, involves notices that were being issued to tribal members proposing to assert self employment tax on per capita distributions of net gaming revenues. Although we had developed specific language to describe these distributions on Forms 1040, our campuses were issuing notices that proposed to subject these reported payments to social security through the imposition of self employment tax. This is clearly erroneous, and when it was raised to our attention, we took the following steps:

- We contacted the Taxpayer Advocate Service who immediately intervened to correct the computer programming error that was causing the notices to be issued.
- We posted information as the headline on our web site instructing tribes what action to take if tribal members received the erroneous notices.
- We set up internal procedures to collect information from the tribes in regard to the notices, and ensure the notices were promptly reversed.

If you have experienced this issue, I apologize on behalf of the Service, and I urge you to contact your assigned ITG Specialist so that we can resolve the matter. Although ITG cannot control every contact that originates from the Internal Revenue Service, we are committed to resolving unique problems that affect tribes and tribal members.

Christie Jacobs



....ITG is committed to resolving unique issues affecting tribes and tribal members....

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Customer Satisfaction Survey Results Published

The Office of Indian Tribal Governments recently completed its fifth annual customer survey. The survey gave us feedback from our customers that allows us to measure customer satisfaction with our products and services and determine areas where we need to effect operational changes.

We want to thank everyone who participated. We received 175 responses, which was slightly less than the prior year survey response rate. We are pleased that the overall level of satisfaction rose from 76% to 77%, but there were a number of issues surfaced where we are undertaking actions to address concerns raised in the survey. This includes, but is not limited to:

- Continuing to develop specific materials for tribal members and tribal employees which explain tax issues that affect them
- Further studying the causes of dissatisfaction in the Southwest and Pacific Northwest
- Increasing education and outreach efforts with the Navajo Chapters
- Monitoring work processes to improve responsiveness to tribal inquiries by ITG staff
- Improving the clarity of examination letters, communicating future actions that might mitigate problems found during examinations, and improving the timeliness of actions taken by ITG during examinations

This is the first survey where we have asked specific questions in regard to Compliance Checks and Examination interactions with ITG. Since examinations represent a significant percentage of the work done by ITG, we will focus extra efforts in regard to that specific feedback.

Past analysis of the ITG customer base revealed similarities between the Alaska Native Villages and the Navajo Chapters. Both segments tend to be remotely located, have smaller government structures, few large business or gaming operations, and meager staff resources. It has been difficult to determine the needs and/or effect lasting solutions for these particular customers. In the past year, ITG implemented several initiatives in Alaska to increase our visibility and impact among the tribal villages. These improvements included purchasing copies of the tax/accounting software used by the villages to increase ITG understanding of reporting issues/problems arising from this software, adding a regional location code to the database so that work can be assigned geographically to minimize repeated travel to remote locations, and attending large state-run events for the Native Villages to distribute job-aids and information. In addition, ITG organized and conducted major payroll and information reporting educational seminars for tribal employees. The survey shows the positive results of these efforts. The customers in Alaska are now showing satisfaction rates comparable to the rest of the United States, while the Navajo Chapters are still reflecting much lower satisfaction. ITG will seek to apply best practices used in Alaska in a focused effort to better assist the Navajo Chapters.

In addition to the overall measures, we also looked at satisfaction by geographic area and by common themes within the survey. The table on the following page shows that analysis, and compares the responses this year with the survey responses from the prior year.

A more complete report on the survey is posted to our web site at www.irs.gov/tribes. We look forward to input at the ongoing Consultation Listening meetings to further assist in determining improvement opportunities. Future issues of ITG News will detail operational changes that we effect in response to the survey feedback.



Customer Satisfaction Survey Scores- by ITG Area

	Eastern		North Central		Southwest		Western		Pacific Northwest		Alaska	
	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007
Burden/ Delivery of Information												
Satisfied	83%	85%	72%	71%	56%	58%	76%	83%	82%	55%	57%	71%
Neutral	9%	11%	21%	16%	26%	18%	16%	10%	15%	40%	29%	19%
Dissatisfied	8%	4%	7%	13%	18%	23%	8%	7%	3%	5%	14%	10%
Collaborate												
Satisfied	72%	72%	58%	65%	60%	57%	71%	68%	48%	39%	42%	62%
Neutral	20%	24%	36%	24%	25%	24%	20%	18%	40%	48%	43%	29%
Dissatisfied	8%	4%	6%	11%	15%	19%	8%	14%	12%	12%	15%	8%
Recognition												
Satisfied	82%	84%	72%	70%	69%	59%	84%	77%	73%	50%	52%	69%
Neutral	11%	14%	22%	23%	20%	34%	10%	13%	23%	36%	38%	24%
Dissatisfied	8%	2%	5%	7%	11%	6%	5%	9%	4%	14%	10%	7%
Protocol/ Horizontal Equity												
Satisfied	88%	82%	71%	90%	69%	66%	79%	83%	66%	57%	57%	72%
Neutral	6%	14%	25%	9%	25%	27%	17%	12%	26%	31%	36%	23%
Dissatisfied	5%	5%	4%	1%	6%	7%	3%	5%	8%	12%	8%	5%
Accuracy/ Timeliness/ Honesty												
Satisfied	73%	69%	49%	65%	55%	51%	72%	74%	63%	47%	48%	61%
Neutral	21%	25%	40%	27%	28%	33%	24%	10%	31%	41%	40%	32%
Dissatisfied	6%	6%	11%	8%	18%	16%	4%	16%	6%	13%	12%	8%
Overall Satisfaction												
Satisfied	88%	90%	78%	76%	73%	59%	86%	86%	85%	56%	59%	75%
Neutral	4%	10%	22%	12%	15%	32%	8%	5%	8%	33%	33%	23%
Dissatisfied	8%	0%	0%	12%	12%	9%	5%	8%	8%	11%	8%	2%
Compliance Action - Overall Satisfaction												
Satisfied		67%		80%		86%		78%		43%		70%
Neutral		17%		7%		0%		9%		33%		22%
Dissatisfied		17%		13%		14%		13%		24%		7%
Compliance Action - Initial Meeting												
Satisfied		78%		95%		92%		90%		71%		87%
Neutral		10%		3%		8%		1%		25%		12%
Dissatisfied		13%		3%		0%		8%		4%		0%
Compliance Action - Subsequent Interactions												
Satisfied		74%		70%		80%		84%		56%		89%
Neutral		17%		13%		0%		4%		36%		11%
Dissatisfied		9%		17%		20%		13%		8%		0%
Compliance Action - Final Resolution												
Satisfied		68%		67%		67%		92%		43%		71%
Neutral		12%		25%		7%		8%		43%		19%
Dissatisfied		20%		8%		27%		0%		14%		10%



Four Convicted for Conspiracy, Tax Evasion, and Theft from the Kickapoo Traditional Tribe of Texas

In mid-October, a federal jury convicted Kickapoo Traditional Tribe of Texas gaming representative Isidro Garza, Jr., his son, former State Representative Timeteo Garza and Kickapoo Lucky Eagle Casino manager Arthur Lee Martin for scheming to steal over \$2 million from the casino as well as the tribe itself. Isidro's wife, Martha Garza, was convicted along with her husband and son of tax evasion and a related conspiracy charge.

In all, the jury convicted:

- Isidro Garza, Jr., of one count of conspiracy to commit theft from an Indian tribal organization and by officers and employees of Gaming Establishments on Indian lands, two substantive counts of theft from an Indian tribal organization, five substantive counts of theft by officers and employees of Gaming Establishments on Indian lands, one count of conspiracy to defraud the Internal Revenue Service and four counts of tax evasion. As a result, Isidro Garza faces up to 55 years in federal prison.
- Martha Garza of one count of conspiracy to defraud the Internal Revenue Service plus four counts of tax evasion. As a result, Martha Garza faces up to 25 years in federal prison.
- Timeteo Garza of one count of conspiracy to commit theft from an Indian tribal organization and by officers and employees of Gaming Establishments on Indian lands, two counts of theft by officers and employees of Gaming Establishments on Indian lands and one count of conspiracy to defraud the Internal Revenue Service. As a result, Timeteo Garza faces up to 20 years in federal prison.
- Arthur Lee Martin of one count of conspiracy to commit theft from an Indian tribal organization and by officers and employees of Gaming Establishments on Indian lands and two counts of theft by officers and employees of Gaming Establishments on Indian lands. As a result, Martin faces up to 15 years in federal prison.

The jury found that between February 13, 1998, and October 28, 2002, the defendants misused tribal credit cards, took cash directly from the casino cash cage and had checks from tribal and casino accounts written to pay for personal expenses.

On May 17, 2007, Raul Garza, Sr., former chairman of the Kickapoo Traditional Tribe of Texas, was sentenced to three years in federal prison and ordered to pay more than \$2 million restitution for his role in the scheme.

ITG was instrumental in bringing this case forward for prosecution, and we remain committed to helping protect tribal assets for the benefit of tribal members by identifying financial abuses. We are pleased to partner with tribes in this regard, and although the outcomes can have short-term pain, the long term effect should make a clear statement that neither tribes nor the federal government will knowingly permit individuals to use tribal assets for their personal gain.

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) 686-4860, or via e-mail at tege.itg.schemes@irs.gov



Common Errors Noted in Suspicious Activity Reporting

The Financial Crimes Enforcement Network (FinCEN) has noticed common errors in the filing of Suspicious Activity Reports (SARs). Although these errors were noted primarily through studying reports submitted by Money Services Business filings, we believe that publishing the ten of the most common errors could be informative to financial institutions in other industries in their efforts to implement simple strategies to provide accurate and complete information in their SAR filings.

The ten most common errors are:

1. Empty Narrative Field
2. Failure to Explain Information in Supporting Documents
3. Inadequate Narratives
4. Inaccurate Special Responses
5. Missing or Incomplete Filer Employer Identification Number (EIN)
6. Missing Filer Telephone Number
7. Invalid Subject Social Security Number (SSN)
8. Incomplete Subject Information; Government Issued Identification
9. Missing Category, Type or Characterization of Suspicious Activity
10. Incorrect Characterization of Suspicious Activity

It is critical that the information provided in a SAR filing be as accurate and complete as possible. SAR information provides a valuable tool to FinCEN, law enforcement, and regulatory authorities and intelligence agencies allowing the observation of larger patterns of suspicious activity, which might not have otherwise been detected. When combined with other sources, the information generated from SAR filings also plays an important role for law enforcement agencies in identifying potentially illegal activities, such as money laundering and terrorist financing, and assists in detecting and preventing the flow of illicit funds through our financial system.

In general, an accurate and complete SAR narrative should identify the five essential elements – *who? what? when? where? and why?* – of the suspicious activity being reported. SAR narratives should describe, as fully as possible, why the activity or transaction is unusual for the customer, taking into consideration the types of products and services offered by your industry and the nature and typical activities of similar customers. Explaining why the transaction is suspicious is critical.

The narrative field in the form must explain why the transaction was suspicious. Each SAR filing must have a narrative that accurately explains the nature and circumstances of the suspicious activity. Otherwise, the information contained in the SAR is of limited utility.

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.



The SAR form instructions specifically state the attachment of supporting documentation is prohibited. Supporting documents cannot be uploaded into the database and should not be used as a substitute for the narrative, since law enforcement, FinCEN and other intelligence agencies cannot readily view the documents or the information contained therein. The information appearing in any such support documentation should be reasonably described in the narrative and must be maintained for five years to be made available upon specific request.

When accurate and complete, SARs are an important tool in combating financial crimes. When completed correctly, the forms provide important information that can be used to analyze broad sets of data and to apprehend suspected criminals. Further, by filling out SARs as accurately and completely as possible, financial institutions also maintain a picture of the identified, suspicious transactions flowing through them, which may be of use in their AML program for risk mitigation purposes.

This article is an excerpt of an article from the FinCEN website and has been condensed for purposes of this newsletter. To view the full article and see further explanation of the list of common errors go to www.fincen.gov. If you have any specific questions about SARs, please contact your ITG Specialist.

2008 Standard Mileage Rate

Beginning January 1, 2008, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 50.5 cents per mile for business miles driven;
- 19 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service of charitable organizations.

These mileage rates are important to employers, such as Tribes, since the rates can be used to calculate reimbursements to employees who incur mileage on behalf of their employer under an Accountable Plan.

The new rate for business miles compares to a rate of 48.5 cents per mile for 2007. The new rate for medical and moving purposes compares to 20 cents in 2007. The rate for miles driven in service of charitable organizations has remained the same. The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile.

Self-Assess Your Federal Tax Compliance Risks

Tribal entities can now self-assess their federal tax compliance and work with ITG to address any problems they uncover. Entities electing to participate receive a fillable template from ITG, and are provided with the name of a local ITG Specialist who will serve as their resource during the process.

Information on the program, as well as an on-line request form, is available through the "Enhancing Federal 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



Federal Tax Calendar for First Quarter 2008

January 2008

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

February 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 * Make a deposit for 1/26-1/29	2
3	4	5	6 * Make a deposit for 1/30-2/1	7	8 * Make a deposit for 2/2-2/5	9
10	11 Employees report January tip income to employers if \$20 or more	12	13 * Make a deposit for 2/6-2/8	14	15 * Make a deposit for 2/9-2/12 ** Make a deposit for January if under the monthly deposit rule	16
17	18	19	20	21 * Make a deposit for 2/13-2/15	22 * Make a deposit for 2/16-2/19	23
24	25	26	27 * Make a deposit for 2/20-2/22	28	29 * Make a deposit for 2/23-2/26	File W-2s with SSA and 1099s with IRS by February 29th.

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

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

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



March 2008

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

Return Filing Dates

January 2nd

- > File Form 730 and pay the tax on applicable wagers accepted during November 2007.

January 31st

- > File Form 941 for the 4th quarter of 2007. If all deposits are paid on time and in full, file by February 11th.
- > If pre-qualified for simplified payroll filing, file Form 944. If all deposits are fully paid on time, file by February 11th.
- > File Form 940 for 2007 if liable for Federal Unemployment Tax (not participating or current with state unemployment tax). If all deposits are paid on time and in full, file by February 11th.
- > File Form 730 and pay the tax on applicable wagers accepted during December.
- > File Form 945 for 2007. If all deposits are paid on time and in full, file by February 11th.
- > File Form 943 for 2007 (agricultural entities). If all deposits are paid on time and in full, file by February 11th.

February 28th

- > File information returns for all payments reported to recipients on Forms 1099, 1098, 5498, and W-2G, using Form 1096 as a transmittal. If filing these forms electronically, file by March 31st.

February 29th

- > File Form W-3, along with copy A of Forms W-2 you issued for 2007. File by March 31st if filing electronically.
- > File Form 730 and pay the tax on applicable wagers accepted during January.
- > File Form 8027 if you are a large food and beverage establishment. File by March 31st if filing electronically.

March 31st

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