

Proposed Regulations Expand the Use of Electronic Payment System and Discontinue Paper Coupons Next Year

Consistent with a Financial Management Service initiative announced in April of this year, the IRS issued proposed regulations to significantly increase the number of electronic transactions between taxpayers and the federal government.

The proposed regulations (REG 153340-09) would eliminate the rules for making federal tax deposits by paper coupon because the paper coupon system will no longer be maintained by the Treasury Department after December 31, 2010. The proposed regulations generally maintain existing rules for depositing federal taxes through the Electronic Federal Tax Payment System (EFTPS).

Using EFTPS to make federal tax deposits provides substantial benefits to both taxpayers and the government. EFTPS users can make tax payments 24 hours a day, seven days a week from home or the office.

Deposits can be made online with a computer or by telephone. EFTPS also significantly reduces payment-related errors that could result in a penalty. The system helps taxpayers schedule dates to make payments even when they are out of town or on vacation when a payment is due. EFTPS business users can schedule payments up to 120 days in advance of the desired payment date. Information on EFTPS including how to enroll can be found at www.eftps.gov or by calling EFTPS Customer Service at 1-800-555-4477.

Some business paying minimal amount of tax may make their payments with the related tax return, instead of using EFTPS. More details regarding taxes required to be deposited using EFTPS dollar thresholds and other specific requirements are in the proposed regulations.



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Message from the Director

Fall is here and for those of us at the Internal Revenue Service, it is the beginning of a new fiscal year. We will soon be issuing our FY2011 Work Plan, sending out a new Customer Satisfaction Survey, and beginning a new round of training for Tribes. Fall is always a busy time in ITG!

In the coming fiscal year, I expect ITG to try some new ways of communicating with the Tribes. For example, later this fiscal year we will hold our first ever webinar! We also plan to update our publications, make subscribing to this newsletter easier, and enhance our website. We are seeking to improve our communication with you and make it easier for you to get the information you need to administer your tribe's tax matters. Please suggest things that you think would be useful. We will listen.

ITG will continue to hold listening meetings as part of our commitment to consult with tribes. We will resume holding 4 regional meetings per year and will announce the schedule soon. These sessions are a good chance for us to hear from you and to discuss areas of concern, answer questions you may have, and reaffirm our government-to-government relationship. We will also be participating in national and regional tribal meetings such as NAFOA, NITA, and NCAI to continue to provide current information on federal tax matters. Invite us and we will come to your regional meetings as well.

Finally, we will be using our website to continue to keep you up to date on matters related to implementing the Affordable Care Act and other legislation which impacts tribes and tribal members. As you know, there are many consultation efforts underway across multiple federal agencies on these matters. We know they are important to you and we will make every effort to get information to you quickly.

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Current Scams and Phishing Sites Posing as the IRS

There is a fraud risk you need to be aware of. It is related to the Electronic Federal Tax Payment System (EFTPS). [EFTPS](#) is a tax payment system provided free by the U.S. Department of Treasury. To pay federal taxes electronically via the internet or phone 24/7, visit [EFTPS](#) to enroll.

The IRS recently became aware of a fraudulent scheme targeting EFTPS users. The scheme uses an email that claims your tax payment was rejected and directs you to a website for additional information. The website contains malware that will attempt to infect your computer.

If you receive a message claiming to be from the IRS or EFTPS, please:

- Do not reply to the sender, access links on the site or submit any information to them.
- Forward the message immediately to us at phishing@irs.gov.

If you attempt to access an IRS website and discover a website posing as the IRS, please forward the email or URL information to the IRS at phishing@irs.gov.

For more information on email scams visit [How to Report and Identify Phishing, Email Scams and Bogus IRS Web sites](#).

Remember: The IRS does not initiate taxpayer communications through email.

Want to Receive the Newsletter?

If you do not receive the ITG Newsletter directly from ITG and would like to be added to the electronic distribution list, contact Bob Linke at william.r.linke@irs.gov. Your email address will be added to the electronic distribution list and you will begin receiving the quarterly newsletter just like the people who forward it to you.

If you currently receive a printed copy of the quarterly newsletter but would rather receive it via email, contact Bob to be changed over to the electronic version.



Pre Order the Tax Calendar for Small Businesses and Self-Employed

The 2011 Tax Calendar is available for pre-order. If you order now, the English version of the 2011 Tax Calendar will be shipped by early November. The Tax Calendar for Small Business and Self-Employed (Pub 1518, Catalog Number 12350Z) is a 12-month wall calendar. It is filled with useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, and common tax filing dates. Each page highlights different tax issues and tips that may be relevant to small business owners with room on each month to add notes, state tax dates, or business appointments. [Copies can be ordered online](#) or from the IRS by calling (800) 829-3676.

Webinar on the Indoor Tanning Excise Tax

On October 6, 2010 (2:00 PM ET), the IRS will have a FREE webinar on the new Indoor Tanning Excise Tax. The webinar will cover: the new regulations, who is liable, collecting and remitting the tax, the tax forms, and more. Additional information can be found at <http://www.irs.gov/businesses/small/article/0,,id=166814,00.html#2>

Register on-line at: <http://www.visualwebcaster.com/IRS/72128/reg.asp?id=72128>

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

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.



Update to Form 941-X

There is a new Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund. The Form 941-X is used to amend your incorrect Form 941's that have been filed with the IRS.

The Form 941-X was introduced a couple of years ago and it allows Form 941, Employer's Quarterly Federal Tax Return filers to fix any errors made on a previously filed Form 941. The Form 941-X must be updated by IRS every time there is a relevant change to the Form 941. You may recall that there have been changes in the IRS tax law concerning COBRA and HIRE Act. These changes affect employers whose employees have left employment but want to continue their medical coverage or new employees who have been out of work. There is a credit for the employer's portion of COBRA benefits paid. Also, under the HIRE Act, the employer can be relieved of matching the normal Social Security and Medicare payments withheld from employee's wages for qualified employees.

The most recent changes to the Form 941-X deal with the [HIRE Act](#). A complete discussion of the HIRE Act is not included here. Contact your ITG Specialist if you have questions.

On page two of the Form 941-X, line 11 has been expanded to include exempt wages paid by employers. Employers are not required to match the Social Security and Medicare withheld from the exempt employee wages. The employer saves the 7.65 percent that they would normally match. This is an incentive for employers to hire new employees who have been out of work.

Again on page two, line 18 has been expanded to include a special time period for the HIRE Act, March 19-31. The Form 941 had not been updated to allow the employer to exclude Social Security and Medicare matching. These lines on the Form 941-X allow the employer to amend their originally filed Form 941 to get a refund of any matching payments made.

If you have any questions about the new Form 941-X, contact your ITG Specialist or visit IRS.gov.

BSA E-Filing Announces New Toll Free Number and Email Address

The Financial Crimes Enforcement Network (FinCEN) announces a new toll free number and email address for the Bank Secrecy Act Electronic Filing (BSA E-Filing) Service Desk.

The new number is 1-866-346-9478 (Option 1) and the new email address is BSAEFiling-Help@fincen.gov. The Service Desk hours and days of operation will remain the same: Monday through Friday 8 a.m. to 6 p.m. East Coast Time. The BSA E-Filing homepage is located at <http://bsaefiling.fincen.treas.gov>.



Treatment of Taxable Per Capita Gaming Distributions to Minors

The Indian Gaming Regulatory Act (IGRA) explicitly provides that per capita distributions of income to tribal members from Class II and Class III Indian tribal casinos are subject to federal taxation and reportable on Form 1099-MISC, *Statement for Recipients of Miscellaneous Income*, (25 U.S.C.A. section 2710(b)(3)(D)). This requirement applies even if the tribal member is a minor child, and the monies are placed in a trust rather than being directly distributed to the minor child, with one exception. Under the “safe harbor” rules detailed in [Revenue Procedure 2003-14](#), amounts placed in an IGRA trust are not included in income until the monies are actually received.

A minor child has the same return filing obligations as any other individual. Any child who has sufficient income must file a federal tax return notwithstanding his minority status under the local law. For 2010, a child who can be claimed as a dependent on another person's tax return must file an income tax return if **any** of the following apply:

- Child's unearned income is over \$950.
- Child's earned income is over \$5,700.
- Child's gross income is more than the **larger** of—
 - \$950, or
 - Child's earned income (up to \$5,400) plus \$300.

The child is responsible for filing his own tax return. However, if the child does not file, the parent or guardian of a minor taxpayer must file the return on behalf of the minor. The parent or guardian should sign the return with the child's name and then the parent or guardian's own signature followed by “Parent or Guardian for Minor Child”.

The election to claim the unearned income of a child on the parents' return under Internal Revenue Code section 1(g)(7) is not available for per capita distributions. This election applies specifically to unearned income such as dividends and interest.

Per capita distributions reported on Form 1099-MISC should be included on Line 21 of Form 1040, with a description of the source. The correct description will allow the return to process as quickly as possible. For paper or e-file returns, please enter one of the following descriptions on line 21: Indian Gaming Proceeds, Indian Tribal Distribution or Native American Distribution.

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Customer Satisfaction Survey is Coming

As a reminder, our annual Customer Satisfaction Survey will be in the mail in the near future. The purpose of the survey is to obtain feedback from our customers that will allow us to measure customer satisfaction with our products and services, and to determine areas where we need to effect operational changes.



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For children under age 18 (and certain older children), investment income over a specific amount is taxed at the parent's rate if the parent's rate is higher than the child's rate. For 2010, if the child's investment income is more than \$1,900, use [Form 8615](#), *Tax for Certain Children Who Have Investment Income of More than \$1,900*, to figure the child's tax. For more information, see the [Instructions to Form 8615](#) and [Publication 929](#), *Tax Rules for Children and Dependents*.

You may obtain additional information by calling 1-800-829-1040 or from the Indian Tribal Governments' website at: www.irs.gov/tribes.

Do You know a Small Organization at Risk of Losing Its Exempt Status?

We need your help to prevent tax-exempt organizations in your community from losing their tax exemption. Tax-exempt organizations, except churches and church-related groups, that fail to file for three consecutive years [automatically lose their tax-exempt status](#). The IRS is providing [one-time relief](#) to allow small tax-exempt status even though they fail to file for three consecutive years. The IRS has published a [list](#) of over 300,000 organizations at risk of losing their exemption because the IRS has no record of their filing for 2007, 2008 or 2009.

If you are a volunteer, member or just a friend of an organization at risk of losing its exemption, please alert the organization and encourage it to go to IRS.gov and find out how the organization can come back into compliance today.

IRS Invites Public Comment on New Reporting of Payments Made in a Trade or Business

[Notice 2010-51](#) invites public comments regarding guidance to be provided concerning new requirements with respect to the reporting of payments made in the course of the payor's trade or business. Very generally, these new requirements imposed by Section 9006 of *Affordable Care Act* expand the existing information reporting requirements to apply to payments made to corporations and to include certain payments of gross proceeds and with respect to property.



Tax News For You!

Individual Tribal Member Information

Five Reasons to Visit IRS.gov

Did you know the IRS is making it easier to get answers to your tax questions? The IRS website – IRS.gov makes it easy to get an answer to a tax question, anytime during the year. The site is available 24 hours a day seven days a week. Whether you need a form or have tax questions, IRS.gov has a wealth of information. IRS.gov is accessible all day every day.

Here are five reasons to visit IRS.gov.

- 1) Get the latest information on new tax law changes. Several new laws have been enacted and there are provisions that affect almost every taxpayer.
- 2) Calculate the right amount of withholding allowances on your W-4, Employee's Withholding Allowance Certificate. The IRS Withholding Calculator will help you ensure that you don't have too much or too little income tax withheld from your pay.
- 3) Search for charities. Search Publication 78, Cumulative List of Organizations to find out if an organization is exempt from federal taxation and, if so, how much of your contributions to that organization are tax deductible.
- 4) Get information about careers at the IRS. No matter what your professional specialty, the IRS can offer you a variety of full-time or seasonal job opportunities.
- 5) Get tax forms and publications. You can view download and order tax forms and publications any hour of the day or night.

Remember that for the genuine IRS website be sure to use .gov. Don't be confused by internet sites that end in .com, .net, .org or other designations instead of .gov. The address of the official IRS governmental website is www.irs.gov.

Does the IRS Owe You Money?

The Internal Revenue Service may have money for you. Was your income below the limit that requires you to file a tax return? If so, you may still be due a refund.

If you have not filed a prior year tax return and are due a refund, you should consider filing the return to claim that refund.

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Tax News For You!

Individual Tribal Member Information

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If you are missing a refund for a previously filed tax return, you should contact the IRS to check the status of your refund and confirm your current address.

Unclaimed Refunds

Some people may have had taxes withheld from their wages but were not required to file a tax return because they had too little income. Others may not have had any tax withheld but would be eligible for the refundable Earned Income Tax Credit.

- To collect this money a return must be filed with the IRS no later than three years from the due date of the return.
- If no return is filed to claim the refund within three years, the money becomes the property of the U.S. Treasury.
- There is no penalty assessed by the IRS for filing a late return qualifying for a refund.
- Current and prior year tax forms and instructions are available on the Forms and Publications page of IRS.gov or by calling 800-TAX-FORM (800-829-3676).

Information about the Earned Income Tax Credit and how to claim it is also available on IRS.gov.

Undeliverable Refunds

Were you expecting a refund check but didn't get it?

- Refund checks are mailed to your last known address. Checks are returned to the IRS if you move without notifying the IRS or the U.S. Postal Service.
- You may be able to update your address with the IRS on the "Where's My Refund?" feature available on IRS.gov. You will be prompted to provide an updated address if there is an undeliverable check outstanding within the last 12 months.
- You can also ensure the IRS has your correct address by filing Form 8822, Change of Address, which is available on IRS.gov or can be ordered by calling 800-TAX-FORM (800-829-3676).

If you do not have access to the Internet and think you may be missing a refund, you should first check your records or contact your tax preparer. If your refund information appears correct, call the IRS toll-free assistance line at 800-829-1040 to check the status of your refund and confirm your address.



Federal Tax Calendar for Fourth Quarter 2010

October 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 Make a deposit for Sep 25-28.*	2
3	4	5	6 Make a deposit for Sep 29-Oct 1.*	7	8 Make a deposit for Oct 2-5.*	9
10	11	12 Employees are required to report to you tips of \$20 or more earned during September.	13	14 Make a deposit for Oct 6-8.*	15 Make a deposit for Oct 9-12.* Make a deposit for Sep under monthly deposit rule.**	16
17	18	19	20 Make a deposit for Oct 13-15.*	21	22 Make a deposit for Oct 16-19.*	23
24/31	25	26	27 Make a deposit for Oct 20-22.*	28	29 Make a deposit for Oct 23-26.*	30

November 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		2	3 Make a deposit for Oct	4	5 Make a deposit for Oct	6
7		9	10 Make a deposit for Nov 3-5.* Employees are required to report to you tips of \$20 or more earned during Octo-	11	12	13
14	15 Make a deposit for Nov 6-9* Make a deposit for Oct under monthly deposit	16	17 Make a deposit for Nov 10-12.*	18	19 Make a deposit for Nov 13-16.*	20
21	22	23	24 Make a deposit for Nov 17-19.*	25	26	27
28	29 Make a deposit for Nov 20-23.*	30		NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely. * = Make a Payroll Deposit if you are under the semi-weekly deposit rule. ** = Make a Monthly Deposit if you qualify under that rule.		



December 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 Make a deposit for	2	3 Make a deposit for	4
5	6	7	8 Make a deposit for Dec 1-3.*	9	10 Make a deposit for Dec 4-7.* Employees are required to report to you tips of \$20 or more earned during September.	11
12	13	14	15 Make a deposit for Dec 8-10.* Make a deposit for Nov under monthly	16	17 Make a deposit for Dec 11-14.*	18
19	20	21	22 Make a deposit for Dec 15-17.*	23	24	25
26	27 Make a deposit for Dec 18-21.*	28	29 Make a deposit for Dec 22-24.*	30	31	

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

Did you know?

You can subscribe/download the tax calender to your Outlook or iCal. Just go to the link below and follow the instructions.

<http://www.irs.gov/businesses/small/article/0,,id=176080,00.html>

Return Filing Dates

November 1

- > File Form 730 and pay the tax on applicable wagers accepted during September 2010.
- > File Form 720 for 3rd quarter of 2010.

November 30

- > File Form 730 and pay the tax on applicable wagers accepted during October 2010.