ITG News

Indian Tribal Governments

Keeping First Nations Informed

July 2010

Publication 4267E **Catalog Number 37829F** **Pacific Northwest Edition**

CDFI Fund Announces New Native Initiatives Workshop Series

The Community Development Financial Institutions Fund (CDFI Fund) launched its new "Economic Development Strategies in Indian Country" workshop series. Co-sponsored with the Federal Reserve Bank of San Francisco, Seattle Branch, the workshops are being conducted to promote economic development in Native communities across the country. Participants will learn about resources available for Native economic development initiatives from the federal government and regional programs.

"We are excited about this opportunity to partner with the Federal Reserve Bank to build upon our Native Initiatives efforts," said CDFI Fund Director Donna Gambrell. "We are always exploring ways to help our nation's distressed communities during the current economic recovery. We must remember the unique challenges our communities face, especially in Native areas across the nation. These workshops will help participants identify new ways to stimulate and revitalize their Native economic and community development programs."

The CDFI Fund and Federal Reserve staff will facilitate day-long workshops, featuring various federal agencies and industry experts. Participants will be able to attend seminars on designing successful economic development strategies while networking with regional practitioners and local support organizations. Five cities will host the workshops - Albuquerque, Anchorage, Sacramento, Oklahoma City and Seattle.

"The "Economic Development Strategies in Indian Country" workshops are part of our overall plan to help ensure that economic opportunities are equally available throughout the nation, including Indian Country," said Scott Turner, Vice President and Community Affairs Officer of the Community Development Department, Federal Reserve Bank of San Francisco. "After holding over 100 meetings on reservations within the 12th District, we understand the many difficulties confronting tribes and their members. We are proud to join with the CDFI Fund on this initiative and look forward to learning how we can support efforts to promote community and economic development in Indian Country."

Department of Treasury

A decade of service to America's first nations.

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For more information about the series as well as to register for a specific workshop, please visit: http://www.frbsf.org/community/resources/events.html

2010 Economic Development Strategies in Indian Country Workshop Schedule

- July 28, 2010: Sacramento, California
- August 17, 2010: Seattle, Washington
- August 19, 2010: Anchorage, Alaska
- September 16, 2010: Albuquerque, New Mexico

About the Native Initiatives

The CDFI Fund's Native Initiatives work to increase access to credit, capital, and financial services in communities by creating and expanding CDFIs primarily serving Native communities. This is achieved through two principle initiatives: 1) a funding program – the NACA Program – targeted to increasing the number and capacity of existing or new Native CDFIs, and 2) a complementary series of training programs, called “Expanding Native Opportunities,” that seeks to foster the development of new Native CDFIs, strengthen the operational capacity of existing Native CDFIs, and guide Native CDFIs in the creation of important financial education and asset building programs for their communities.

About the CDFI Fund

Since its creation in 1994, the CDFI Fund has awarded almost $1.2 billion to CDFIs, community development organizations and financial institutions through CDFI Program, the Bank Enterprise Award Program, and the Native Initiatives. In addition, the CDFI Fund has allocated $26 billion in tax credit authority to Community Development Entities through the New Markets Tax Credit Program.

For more information on the CDFI Fund and its programs, please visit www.cdfifund.gov.

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.

New excise tax on tanning services

A 10-percent excise tax on indoor UV tanning services went into effect on July 1, 2010. The tax doesn't apply to phototherapy services performed by a licensed medical professional on his or her premises. There's also an exception for certain physical fitness facilities that offer tanning as an incidental service to members without a separately identifiable fee. For additional information, please see the frequently asked questions page at http://www.irs.gov/businesses/small/article/0,,id=224600,00.html

NEW JOBS TAX BREAKS

Employers may qualify for **two new tax breaks** when they hire someone who has not worked for more than 40 hours in the past 60 days. These breaks are part of the **Hiring Incentives to Restore Employment (HIRE) Act.**

Here's what you should know.

6.2 percent payroll tax exemption

You may be exempt from your 6.2 percent share of social security tax on wages paid to qualified employees, effective for wages paid from March 19, 2010, through December 31, 2010. Most employers will claim it on Form 941, Employer's QUARTERLY Federal Tax Return, beginning with the second quarter of 2010. The exemption will also be claimed on annual payroll tax returns such as Form 944, Employer's ANNUAL Federal Tax Return.

Tax credit up to $1,000 per worker

You may claim an additional new hire retention credit, up to $1,000 for each qualified employee you keep as an employee for at least a year and whose wages are not significantly reduced in the second half of the year. You claim it on your income tax return for your business, usually in tax year 2011.

Qualified employers

You may qualify for these tax breaks if you are a small or large business, tax-exempt organization, public college or university, Indian tribal government or farmer. But household employers and federal, state and local government employers, other than public colleges and universities, do not qualify.

Qualified employees

Generally, those beginning employment with you after February 3, 2010, and before January 1, 2011, who were either unemployed or worked 40 hours or less for anyone during the previous 60 days can qualify. You must get a Form W-11, or similar signed affidavit, from new hires certifying they were not employed for more than 40 hours during the 60 days before beginning employment.

Learn more about HIRE and new jobs tax breaks at www.IRS.gov

Information worth knowing.

IRS

Publication 4865 (6-2010) Catalog Number 55220Y Department of the Treasury **Internal Revenue Service** www.irs.gov

Treasury Seeks Comments Regarding Tribal Bonds

The Department of the Treasury seeks comments from Indian Tribal Governments regarding the Tribal Economic Development Bond provision of the Internal Revenue Code. The purpose of this solicitation of comments is to assist Treasury in developing recommendations regarding this bond provision for a Congressionally-directed study under the American Recovery and Reinvestment Act of 2009.

Please visit the link below for additional information.

http://www.irs.gov/govt/tribes/index.html

Filing and Furnishing Form 1042-S

It is not a question of "if" a tribal casino will ever need to file and furnish Form 1042-S (Foreign Person's US Source Income Subject to Withholding), but "when". As the international global economy has expanded and diversified, so too has the increase in tribal casinos foreign patrons, and the use of foreign entertainers and athletes. In some instances a tribe may be making per-capita payments to non-resident alien tribal members (members who are not U.S. citizens or resident aliens). Filing and furnishing Form 1042-S more than likely would be required in these situations described.

The withholding agent (the tribal casino or tribal entity) has identification, withholding, deposit requirements (Form 1042) and filing and furnishing Form 1042-S responsibilities associated with transactions with the parties listed in the paragraph above. The general rule is payments are subject to 30% withholding unless the payee can establish the United States has a tax treaty with the payee's foreign country documenting a lesser amount. Publication 901 *U.S. Tax Treaties* can be referred to determine the appropriate withholding tax amount.

To ensure that your Forms 1042-S can be processed, refer to Publication 515 – *Withholding of Tax on Nonresident Aliens and Foreign Entities*

Form 1042-S is due by March 15th and can be sent on paper or electronically (Tribal Casinos give the payee their copies of Form 1042-S at the time gambling winnings are won).

If you file 250 or more Forms 1042-S you are **required** to submit them electronically. Electronic returns are filed using the Filing Information Returns Electronically (FIRE) System http://fire.irs.gov. Even though fewer than as many as 249 Forms 1042-S may be submitted on paper, the IRS encourages filers to transmit electronically. Refer to Publication 1187 for electronic submission of forms 1042-S.

If filing less than 250 Forms 1042-S and you choose to file paper forms, file copy A of the forms along with Form 1042-T (Annual Summary and Transmittal of Forms 1042-S) and mail to:
Ogden Service Center
P.O. Box 409101
Ogden, UT 84409

Detailed instructions for completion of Forms 1042-T are included on the form itself. Detailed instructions for completion of Form 1042-S are included with the form 1042-S.

The primary errors associated with the filing and furnishing of Form 1042-S are that the forms are filed late, are inaccurate, or were transmitted via paper when required to be transmitted electronically. Penalties may be imposed for these situations.

You are encouraged to contact your ITG Specialist to answer any questions you have related to payments to Foreign Person's.

Message from the Director

In the last newsletter I discussed the actions Treasury Department has taken recently to develop and implement a Tribal Consultation Policy to govern all Treasury offices, including the IRS. Treasury is continuing to work toward the goal of more open communication with the Tribes and has just published a Notice in the Federal Register asking for input related to Tribal Economic Development Bonds. The article on page 4 of this newsletter, *Treasury Seeks Comments Regarding Tribal Bonds*, points you to our website for a link to the Notice. The provision in the American Reinvestment and Recovery Act (ARRA) that created $2 billion in expanded bonding authority for tribal governments, also required Treasury to report to Congress on the effectiveness of the provision. In our various consultation meetings this year, tribal representatives asked Treasury to utilize consultation in developing that very important report. The purpose of the Notice is to do just that. Treasury wants tribal input on specific issues related to the “essential governmental function” test and other aspects of bond financing in Indian Country. The information Tribes provide will be used to formulate the report to Congress. I would encourage you to make sure that tribal leadership and those who deal with financing at your Tribe are aware of this opportunity to have input on the report.

In addition to ARRA, several other legislative provisions have items that impact Tribal Governments. One item arises from the Hiring Incentives and Restore Employment (HIRE) Act. If the Tribe hires a qualifying individual this year, the Tribe may be eligible for a payroll tax exemption related to that individual. State and local governments are NOT eligible for this exemption but Tribal Governments are so be sure to look at this new provision to see if you might benefit. An article is in this newsletter (Page 3) to assist you.

Christie Jacobs

Tax News For You!

Two Great New Benefits for Employers that
Hire and Retain Unemployed Workers.

Employers who hire unemployed workers this year (after Feb. 3, 2010, and before Jan. 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from the employer's share of Social Security tax on wages paid to these workers after March 18. In addition, for each qualified employee retained for at least a year whose wages did not significantly decrease in the second half of the year, businesses may claim a new hire retention credit of up to $1,000 per worker on their business income tax return.

These tax benefits are especially helpful to employers who are adding employee positions to their payrolls. Employers must get a signed statement from each eligible new hire, certifying under penalties of perjury, that the newly-hired person he or she was not employed for more than 40 hours during the 60 days before beginning employment with that employer. IRS Form W-11 can be used to meet this requirement. Further details, including answers to frequently asked questions, are posted on www.irs.gov.

What if I Have a Balance Due for 2009 Taxes?

If you need additional time to pay your tax there are options available to you!

Of course it is in your best interest to pay your tax liability in full as soon as you can to minimize the amount of interest and penalty charged. Penalties are also assessed for failure to file a tax return so it is important to file your tax return even if you cannot immediately full pay the outstanding tax liability.
You may pay your tax liability in various ways. If you cannot pay in full immediately, the IRS offers short-term extensions of time to pay in full from 10 to 120 days.

Pay by Credit or Debit Card — Options are available by calling 1-800-829-1040

Use the IRS Online Payment Agreement (OPA) Application at www.irs.gov.
There are three options when applying online to pay your taxes.

1. **You can pay in full:** You agree to pay in full – you will save penalties and interest.
2. **You can be granted a short term extension:** If you cannot pay in full at this time, you may be eligible for a short term extension of time to pay of up to 120 days.

- There is no fee for an extension to pay.
- If we grant online approval of your request for a short term extension, you will receive written confirmation within 10 days,

3. **Or you can ask for a monthly payment plan if you owe less than $25,000:** If you cannot pay in full within 120 days, you may be eligible to make monthly installment payments.

- You must have filed all of your tax returns that are due.

Note: A user fee will be added to the amount you owe based on the agreement set up. Or for eligible individuals with income at or below certain levels who apply and qualify, a reduced user fee will generally be added to the amount you owe including agreements where payments are deducted directly from your bank account.

Help Pick the Dates for the Spokane, WA Training Workshops
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Tax News For You!

If you owe more than $25,000 in combined tax, penalties, and interest you may still qualify for an installment agreement, but a *Collection Information Statement,* Form 433F*,* may need to be completed.

What if I can't pay my taxes?
You should contact the IRS to discuss your payment options at 1-800-829-1040. In some cases, the agency may be able to waive penalties. However, the agency is unable to waive interest charges which accrue on unpaid tax bills.

What if I lose my job?
The loss of a job may create new tax issues. The IRS has updated a helpful publication which lists a number of job-loss related tax issues. For more information, see Publication 4128, *Tax Impact of Job Loss.*

When should you call IRS?

- Have questions regarding a refund
- Want the balance due amount on your tax account
- Have questions on an existing installment agreement
- Want to confirm your payment on an individual tax return was received by IRS
- Want the location of an IRS office
- Want the location of free tax preparation services to qualified individuals
- Did not receive, received an incorrect, or lost your Form W-2 and 1099-R
- Have federal tax questions
- Have questions pertaining to tax returns or tax related issues

What if I am not working and can't pay?
IRS will work with distressed taxpayers to suspend collection actions in cases where taxpayers simply cannot pay because of job loss. Examples of distressed taxpayers who may qualify for suspension of collection, such as taxpayers who have recently lost a job, taxpayers relying solely on Social Security or welfare income, or taxpayers facing devastating illness or significant medical bills.

What if I have a current installment agreement to pay but I have now lost my job?
IRS may allow a skipped payment or a reduced monthly payment amount without automatically suspending an installment agreement. The IRS will also explore various options for taxpayers who cannot meet the periodic payment terms of an Offer in compromise. Additionally, the IRS will expedite levy releases for hardship reasons, such as job loss.

Help Pick the Dates for the Spokane, WA Training Workshops
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Federal Tax Calendar for Third Quarter 2010

July 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			File Form 11-C to register and pay annual tax (if you take wagers).	1	2 Make a deposit for June 26-29.*	3
4	5	6	7	8 Make a deposit for June 30—July 2.*	9 Make a deposit for July 3-6.*	10
11	12 Employees are required to report to you tips of $20 or more earned during June.	13	14 Make a deposit for July 7-9.*	15 Make a deposit for June under monthly deposit rule.**	16 Make a deposit for July 10-13.*	17
18	19	20	21 Make a deposit for July 14-16.*	22	23 Make a deposit for July 17-20.*	24
25	26	27	28 Make a deposit for July 21-23.*	29	30 Make a deposit for July 24-27.*	31

August 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Form 730 for wagers received during June. File Form 941 the 2nd calendar quarter of 2010.	File Form 720 the 2nd calendar quarter of 2010.	4 Make a deposit for July 28-30.*	5	6 Make a deposit for July 31—August 3.*	7
8	File Form 5500 for calendar year 2009.	10 Employees are required to report to you tips of $20 or more earned during July.	11 Make a deposit for Aug 4-6.*	12	13 Make a deposit for Aug 7-10.*	14
15	16 Make a deposit for July under monthly deposit rule.**	17	18 Make a deposit for Aug 11-13.*	19	20 Make a deposit for Aug 14-17.*	21
22	23	24	25 Make a deposit for Aug 18-20.*	26	27 Make a deposit for Aug 21-24.*	28
29	30	Form 730 for wagers received during July.				

* = 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.

September 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 Make a deposit for Aug 25-27.*	2	3 Make a deposit for Aug 28-31.*	4
5	6	7	8	9 Make a deposit for Sept 1-3.*	10 Employees are required to report to you tips of $20 or more earned during August. Make a deposit for Sep 4-7.*	11
12	13	14	15 Make a deposit for Sep 8-10.* Make a deposit for August under monthly deposit rule.**	16	17 Make a deposit for Sep 11-14.*	18
19	20	21	22 Make a deposit for Sep 15-17.*	23 Form 730 for wagers received during August.	e a deposit for Sep 18-21.*	25
26	27	28	29 Make a deposit for Sep 22-24.*	30		

* = 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.

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

August 2nd

> File Form 941 for the 2nd quarter of 2010. If all deposits were paid on time and in full, file by August 10th.
> File Form 730 and pay the tax on applicable wagers accepted during June 2010.
> File Form 720 for 2nd quarter of 2010.
> File Form 5500 or 5500-EZ for calendar year 2009 (if you maintain an employee benefit plan).

August 31

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

September 30

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

PACIFIC NORTHWEST Washington, Oregon, Idaho
Area Contacts

Changes in Tribal Assignments

As you know, in the IRS Office of Indian Tribal Governments, there are ITG Specialists assigned to work with specific Tribes. The Specialists act as liaisons between the tribe and the IRS, answer questions, and solve problems related to a tribe's tax obligations. Below is a list of all of the tribes in Washington, Oregon, and Idaho as well as the ITG Specialist assigned to each tribe. When you have questions or problems of a tax nature, you can call your assigned ITG Specialist. The tribe assignments have changed, so please insure you contact your assigned Specialist. In the event that the Specialist cannot be reached, tribes may contact, Joe Kincaid, the area manager at the telephone number noted below, or may contact ITG at 202-283-9800 if the manager cannot be reached. We will ensure that someone returns your telephone call within 24 hours.

Jing Chin (503) 326-3355
Jing.Chin@irs.gov Portland, OR

Burns Paiute Tribe of the Burns Paiute Indian Colony
Confederated Tribes of Coos, Lower Umpqua & Siuslaw Indians
Confederated Tribes of the Grand Ronde Indian Community
Confederated Tribes of the Siletz Reservation
Confederated Tribes of the Umatilla Reservation
Confederated Tribes of the Warm Springs Reservation
Coquille Tribe
Cow Creek Band of Umpqua Indians
Cowlitz Tribe of Indians
Klamath Indian Tribe of Oregon
Quileute Tribe of the Quileute Reservation
Shoalwater Bay Tribe of the Shoalwater Bay Indian Reservation
Snoqualmie Tribal Organization
Stillaguamish Tribe

Doug Wellington (360) 696-7643 x 225
Douglas.Wellington@irs.gov Vancouver, WA

Confederated Tribes of the Chehalis Reservation
Confederated Tribes of the Siletz Reservation
Hoh Indian Tribe of the Hoh Reservation
Jamestown S'Klallam Tribe of Washington
Kalispel Indian Community of Kalispel Reservation
Lower Elwha Tribal Community of the Lower Elwha Reservation
Nisqually Indian Tribe
Northwestern Bank of Shoshoni Nation
Samish Indian Tribe
Sauk-Suiattle Indian Tribe
Skokomish Indian Tribe
Shoshone-Bannock Tribes of the Fort Hall
Squaxin Island Tribe
Suquamish Tribal Council—Port Madison Reservation
Swinomish Indians of the Swinomish Reservation

Mike Fehrenbacher (360) 696-7643 x227
Michael.Fehrenbacher@irs.gov Vancouver, WA

Coeur d'Alene Tribe of the Coeur d'Alene Reservation
Confederated Tribes of the Colville Reservation
Confederated Tribes of the Yakama Reservation
Kootanai Tribe of Idaho
Lummi Tribe of the Lummi Reservation
Makah Indian Tribe of the Makah Indian Reservation
Muckleshoot Indian Tribe
Nez Perce Tribe of Idaho
Nooksack Indian Tribe of Washington
Port Gamble S'Klallam Indian Community
Puyallup Tribe of the Puyallup Reservation
Quinault Tribe of the Quinault Reservation
Spokane Tribe of the Spokane Reservation
Tulalip Tribes of the Tulalip Reservation
Upper Skagit Indian Tribe of Washington

Joe Kincaid
Group Manager

Telephone # - 503-326-2381
Email - Joe.Kincaid@irs.gov.

Help Pick the Dates for the Spokane, WA Training Workshops

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Payroll Tax, Information Return and Gaming Information Return Workshops **Update**

The Basic Payroll Tax, Information Return and Gaming Information Return Workshops from August 17 –19, 2010, in Spokane, Washington have been postponed. We would like all interested tribal employees to suggest a week in October and/or a week in November to reschedule the 3 day workshop. Once a date is determined, a bulletin will be emailed out with more information. The topics covered are listed below. Remember, there is no cost to either the tribe or the tribal employees for this training

Please contact Doug Wellington with your suggested dates and if you are interested in attending.
Telephone: (360) 696-7643 FAX: (360) 699-1060
Email: douglas.wellington@irs.gov

Basic Payroll Tax/Information Returns Workshops (2 Days)

Topics

How to Avoid Penalties and Interest
Independent Contractors versus Employees
IRS Collections Process
Calculating Employment Tax Liabilities
How to handle Travel Expenses
Employment Tax Deposit Schedules
Preparation and Filing of Form 941, Form 945, W-2s and Form 1099s
End of Year Reconciliation of Form 941s and W-2s
Social Security – How to file W-2s electronically
Time is set aside on the second day to discuss any issues or problems you may have with IRS

Gaming Information Return Workshop (1 Day)

Topics

The required tax reporting for gaming related payments/activities. To include payments made to: U.S. Residents - W-2Gs, Form 1099-Misc, Form 1096, Form W-9, and Form 5754
Foreign Persons – Form 1042, Forms 1042-S and T, W-7, W-8BEN, and Pub. 515.
Tax Deposit Schedules
How to Avoid Penalties and Interest
End of Year Reconciliation of Form 945 to W-2G and 1099-Misc and the various 1042 forms
TIP Compliance – Form 8027, TRDA and GITCA tip agreements.

Help Pick the Dates for the Spokane, WA Workshops

Remember to send in your suggestions for the Spokane, WA workshop dates. Our goal is to have the workshops on a date that will accommodate as many tribal employees as possible. Send your suggestions to **douglas.wellington@irs.gov**