

ITG News



Keeping First Nations Informed

July 2010

Publication 4267F

Catalog Number 37828F

Southwest Edition

Employment Tax Workshops Scheduled

The Office of Indian Tribal Governments has developed a series of intensive workshops to assist tribal employees with the knowledge necessary to address federal employment tax responsibilities. Issues covered include:

- Defining Employees vs. Independent Contractors
- Computing the correct taxes for payroll
- Completing Form 941 Quarterly Employment Tax Return
- Making federal tax deposits
- Due dates of tax returns
- Completing Forms W-2/W-3 and 1099/1096
- Reconciling Forms 941 and W-2 at year end
- Avoiding penalties
- Meeting rules for an Accountable Plan for Per Diem & Travel Reimbursements

Currently, the Southwest Group has Employment Tax training scheduled at the Fort McDowell Casino Training Facility. The training facility is located 10424 N Fort McDowell Rd, Fort McDowell, Arizona. The workshops are scheduled for October 26th-27th and October 28th-29th. See page 11 for the registration form, please e-mail the information to: Marvin.E.Millsap@irs.gov.

Other workshops are currently scheduled in the listed locations on the ITG Web site during the 3rd calendar quarter as shown on the web site. You can register to attend by clicking on [ITG Education and Training](#), or on the same link in the left border of our Internet landing page at www.irs.gov/tribes.



A decade of service to America's first nations.

IN THIS ISSUE

Employment Tax Workshop	1
CDFI Fund	2-3
Customer Survey Coming/ New Tanning Tax	3
HIRE Act	4
Form 1042-S/Tribal Economic Development Bonds	5
Individual Tax Issues: 8 Things You Should if You Receive a Notice	6
Message from the Director	7
Southwest Indian Tribal Government Specialists	8
Tax Calendar for the 3rd Quarter of 2010	9-10
Employment Tax Workshop Registration Form	11



Community Development Financial Institutions (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."

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

Continued on Page 3.....



.....Continued from Page 2

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 does not apply to phototherapy services performed by a licensed medical professional on his or her premises. There is 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.





Filing and Furnishing Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*

It is not a question of "if" a tribal casino will ever need to file and furnish Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, but "when". As the international global economy has expanded and diversified, so too has the increase in tribal casino's 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 the 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 referenced to determine the appropriate amount of withholding tax.

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>

Self-Assess Your Federal Tax Compliance Risks

Tribal entities can self-assess their federal tax compliance and work with ITG to address any problems they uncover. Information on the program is available through the "[Self Assess Tribal 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.



Tax News For You!

Individual Tribal Member Information

Eight Things to Know if You Receive an IRS Notice

The Internal Revenue Service sends millions of letters and notices to taxpayers every year. Here are eight things taxpayers should know about IRS notices—just in case one shows up in your mailbox.

1. Don't panic. Many of these letters can be dealt with simply and painlessly.
2. There are a number of reasons why the IRS might send you a notice. Notices may request payment of taxes, notify you of changes to your account, or request additional information. The notice you receive normally covers a very specific issue about your account or tax return.
3. Each letter and notice offers specific instructions on what you are asked to do to satisfy the inquiry.
4. If you receive a correction notice, you should review the correspondence and compare it with the information on your return.
5. If you agree with the correction to your account, then usually no reply is necessary unless a payment is due or the notice directs otherwise.
6. If you do not agree with the correction the IRS made, it is important that you respond as requested. You should send a written explanation of why you disagree and include any documents and information you want the IRS to consider, along with the bottom tear-off portion of the notice. Mail the information to the IRS address shown in the upper left-hand corner of the notice. Allow at least 30 days for a response.
7. Most correspondence can be handled without calling or visiting an IRS office. However, if you have questions, call the telephone number in the upper right-hand corner of the notice. Have a copy of your tax return and the correspondence available when you call to help us respond to your inquiry.
8. It is important that you keep copies of any correspondence with your records.

For more information about IRS notices and bills, see [Publication 594, The IRS Collection Process](#). Information about individual penalties and interest is available in [Publication 17, Your Federal Income Tax for Individuals](#), while information about business penalties and interest is available in [Notice 746, Information About Your Notice, Penalty and Interest](#). All publications and notices are available at www.IRS.gov or by calling 800-TAX-FORM (800-829-3676).



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 5 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 4) to assist you.

Christie Jacobs

Want to Avoid Penalties?

Are you incurring penalties? Do you want to eliminate penalties in the future? ITG has a “Helpful Hints to Avoid Penalties” job aid that can assist you. It’s available by ordering our “Tax Tools for Tribes” CD-Rom via e-mail at ITG.TaxTools@irs.gov



>>>> *Southwest Indian Tribal Government Specialists* <<<<

Due to recent personnel changes and realignment of tribal assignments, the current Southwest ITG Specialists are listed below with their assigned tribes and pueblos. If you have a question and your assigned Specialist is not available, please contact **Lonnette Graham**, Southwest Group Manager, at (505) 837-5536 or e-mail her at Lonnette.L.Graham@irs.gov. If no one is available please contact us at (202) 283-9800 and someone will return your call within 24 hours.

<p>Aaron Coleman Aaron.H.Coleman@irs.gov (623) 643-0489</p>	<p>Arizona: Fort Mojave Indian Tribe, Havasupai Tribe, Kaibab-Paiute Tribe, Navajo Nation-- Chinle Agency, San Juan Southern Paiute & Tonto Apache</p> <p>Utah: Ute Indian Tribe of the Uintah & Ouray Reservation</p> <p>Texas: Ysleta Del Sur Pueblo</p>
<p>Jimmy Crook Jimmy.C.Crook@irs.gov (505) 837-5613</p>	<p>New Mexico: Isleta Pueblo, Laguna Pueblo; Mescalero Apache Tribe, Ohkay Ohwingey Pueblo, Pojoaque Pueblo, Sandia Pueblo, Santa Ana Pueblo & Tesuque Pueblo</p>
<p>Tricia Miller Tricia.L.Miller@irs.gov (520) 205-5078</p>	<p>Arizona: Ak-Chin Indian Community, Navajo Nation-Fort Defiance Agency</p> <p>Colorado: Southern Ute Tribe, Ute Mountain Ute Tribe</p> <p>New Mexico: Picuris Pueblo, Santo Domingo Pueblo</p> <p>Utah: Paiute Indian Tribe of Utah</p>
<p>Marvin Millsap Marvin.E.Millsap@irs.gov (602) 636-9189</p>	<p>Arizona: Fort McDowell Yavapai Nation; Hopi Tribe, Hualapai Tribe, Yavapai-Prescott Indian Tribe</p> <p>New Mexico: Cochiti Pueblo, Navajo Nation–Eastern Agency, San Ildefonso Pueblo</p>
<p>Theresa Nosie Theresa.S.Nosie@irs.gov (480) 503-7318</p>	<p>Arizona: Navajo Nation Government, Navajo Nation-Western Agency, Salt River Pima-Maricopa Indian Community, White Mountain Apache Tribe</p> <p>New Mexico: Zuni Pueblo; Pueblo of Jemez</p> <p>Utah: Skull Valley Band of Goshutes</p>
<p>Michelle Risk Michelle.L.Risk@irs.gov (520) 205-5022</p>	<p>Arizona: Cocopah Indian Tribe, Colorado River Indian Tribes, Fort Yuma-Quechan Indian Tribe, Gila River Indian Community, Pascua Yaqui Tribe, San Carlos Apache Tribe, Tohono O'odham Nation & Yavapai-Apache Nation</p>
<p>Tiffany Zerangue Tiffany.Zerangue@irs.gov (505) 837-5633</p>	<p>New Mexico: Acoma Pueblo, Jicarilla Apache Tribe, Nambe Pueblo, Navajo Nation-Northern Agency, San Felipe Pueblo, Santa Clara Pueblo, Taos Pueblo, & Zia Pueblo</p>

For a complete listing of ITG Specialists and their assigned tribes and pueblos, go to:
http://www.irs.gov/pub/irs-tege/itg_specialists.pdf

To add your name or e-mail address to our mailing list, please contact us via e-mail at Michelle.L.Risk@irs.gov, or call Michelle Risk at (520) 205-5022.



Federal Tax Calendar for Third Quarter 2010

July 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 <i>File Form 11-C to register and pay annual tax (if you take wagers).</i>	2	3 Make a deposit for June 26-29.*	
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 <i>File Form 941 the 2nd calendar quarter of 2010.</i> <i>File Form 730 for wagers received during June.</i> <i>File Form 720 the 2nd calendar quarter of 2010.</i>		4 Make a deposit for July 28-30.*	5	6 Make a deposit for July 31—August 3.*	7
8 <i>File Form 5500 for calendar year 2009.</i>		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	31 <i>Form 730 for wagers received during July.</i>	* = 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	24 Make a deposit for Sep 18-21.*	25
26	27	28	29 Make a deposit for Sep 22-24.*	30		

Form 730 for wagers received during August.

* = 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

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.

