



ITG News



Keeping First Nations Informed

Indian Tribal
Governments

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Message from the Director

All of us share a common concern for the current world economy, whether as individuals or government officials. The rising unemployment rates, declining stock markets, job layoffs, tight credit markets, and business failures, are issues that are affecting every government in the world, and certainly tribal governments are not immune from these problems.

Tribes face an immediate impact from a number of sources, including decreased business for tribal enterprises, decreased capital to expand existing enterprises or start new ones, decreased availability of grants, and a lack of additional federal resources needed for basic tribal programs or infrastructure.

In order to mitigate the impact of the current economic decline, all levels of government must work together, and ITG is committed to working with tribes to minimize any federal tax problems during this period. Our approach will be based on data, and we will use it to quickly determine trends and problems before they might become significant.

We will be renewing and expanding our outreach efforts. This will include regional seminars to assist tribal employees in staying current on tribal employment tax issues. We will also seek to identify tribes that have incurred significant penalties for failure-to-deposit withholding taxes and social security for their employees. While this has been a historic problem for some tribes, the current economic situation will likely create additional pressures in this area. Our objective is to proactively identify problems, assist tribes in determining remedies, and reduce unnecessary interest and penalty assessments that redirect tribal revenue from program areas.

I welcome your ideas on other tax-related steps we might take to assist tribes through this challenging economic period. As always, I can be contacted at christie.jacobs@irs.gov, or by telephone at 202-283-9800.

Christie Jacobs



*..we want to proactively
identify problems, and
help tribes determine
remedies...*

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Customer Satisfaction Survey Results Published

The Office of Indian Tribal Governments recently completed its sixth 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 197 responses, which was the highest total of any survey. We are pleased that the overall level of satisfaction has remained steady, although it decreased slightly from 77% to 76%. 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:

- **Utilize the regional Consultation Listening meetings** (four per year are scheduled in differing BIA regions) to explore concerns about horizontal equity
- **Continue to implement** innovative alternative approaches for delivering products/services to tribes located in Alaska and the Navajo Chapters
- **Seek opportunities** to do annual outreach/education seminars on Employment Tax issues on a regional basis
- **Further studying** the causes of dissatisfaction in the Pacific Northwest
- **Monitoring work** processes to improve responsiveness to tribal inquiries by ITG staff

This is the second 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. One area where we will seek to affect remedies is in the area of “timely actions”. This was an overall concern by tribes, and the most significant concern in regard to examinations.

One of the outcomes of the 2007 survey was the initiation of significant outreach/education efforts for the Navajo Chapters, in conjunction with the Navajo Nation. This was a direct response to dissatisfaction in that area. ITG organized and conducted major payroll and information reporting educational seminars for tribal employees, modeled on the success of similar efforts in Alaska in 2007 which were repeated in 2008. The survey shows the positive results of these efforts. The customers in the Navajo Chapters showed a marked increase in customer satisfaction, with the rate increasing from 50% to 64%. The Alaska tribes increased from 75% to 82%, and are now more satisfied than the rest of the United States. 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		Navajo Chapters	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Burden/ Delivery of Information														
Satisfied	85%	80%	71%	83%	80%	79%	83%	84%	55%	58%	71%	68%	46%	60%
Neutral	11%	16%	16%	13%	14%	10%	10%	11%	40%	27%	19%	21%	21%	18%
Dissatisfied	4%	4%	13%	4%	6%	10%	7%	6%	5%	15%	10%	11%	33%	21%
Collaborate														
Satisfied	72%	60%	65%	70%	79%	63%	68%	79%	39%	39%	62%	63%	45%	52%
Neutral	24%	26%	24%	27%	12%	28%	18%	12%	48%	48%	29%	24%	31%	20%
Dissatisfied	4%	14%	11%	3%	9%	10%	14%	8%	12%	13%	8%	13%	24%	28%
Recognition														
Satisfied	84%	78%	70%	90%	72%	63%	77%	75%	50%	48%	69%	70%	51%	59%
Neutral	14%	12%	23%	5%	28%	24%	13%	20%	36%	33%	24%	19%	39%	25%
Dissatisfied	2%	10%	7%	5%	0%	13%	9%	5%	14%	18%	7%	11%	11%	16%
Protocol/ Horizontal Equity														
Satisfied	82%	74%	90%	87%	75%	78%	83%	83%	57%	54%	72%	75%	60%	70%
Neutral	14%	24%	9%	6%	20%	19%	12%	15%	31%	38%	23%	20%	31%	22%
Dissatisfied	5%	2%	1%	7%	5%	3%	5%	2%	12%	8%	5%	5%	9%	8%
Accuracy/ Timeliness/ Honesty														
Satisfied	69%	64%	65%	69%	60%	55%	74%	70%	47%	28%	61%	59%	45%	55%
Neutral	25%	27%	27%	28%	37%	30%	10%	22%	41%	55%	32%	31%	31%	27%
Dissatisfied	6%	9%	8%	3%	3%	16%	16%	8%	13%	17%	8%	10%	24%	18%
Overall Satisfaction														
Satisfied	90%	77%	76%	76%	75%	83%	86%	88%	56%	44%	75%	82%	50%	64%
Neutral	10%	18%	12%	24%	25%	8%	5%	6%	33%	31%	23%	13%	36%	29%
Dissatisfied	0%	5%	12%	0%	0%	8%	8%	6%	11%	25%	2%	4%	14%	7%
Compliance Action - Overall Satisfaction														
Satisfied	67%	52%	80%	79%	100%	75%	78%	79%	43%	58%	70%	86%	67%	84%
Neutral	17%	14%	7%	11%	0%	25%	9%	16%	33%	26%	22%	14%	0%	9%
Dissatisfied	17%	33%	13%	11%	0%	0%	13%	5%	24%	16%	7%	0%	33%	7%
Compliance Action - Initial Meeting														
Satisfied	78%	79%	95%	83%	94%	81%	90%	95%	71%	88%	87%	100%	87%	90%
Neutral	10%	18%	3%	17%	6%	6%	1%	5%	25%	8%	12%	0%	12%	10%
Dissatisfied	13%	4%	3%	0%	0%	13%	8%	0%	4%	4%	0%	0%	0%	0%
Compliance Action - Subsequent Interactions														
Satisfied	74%	67%	70%	88%	100%	75%	84%	94%	56%	35%	89%	100%	60%	91%
Neutral	17%	22%	13%	6%	0%	17%	4%	6%	36%	55%	11%	0%	0%	7%
Dissatisfied	9%	11%	17%	6%	0%	8%	13%	0%	8%	10%	0%	0%	40%	2%
Compliance Action - Final Resolution														
Satisfied	68%	87%	67%	67%	78%	50%	92%	87%	43%	67%	71%	100%	50%	72%
Neutral	12%	7%	25%	27%	11%	42%	8%	10%	43%	33%	19%	0%	0%	18%
Dissatisfied	20%	7%	8%	7%	11%	8%	0%	3%	14%	0%	10%	0%	50%	10%



ITG Releases Revised Gaming Publication

The office of Indian Tribal Governments has updated Publication 3908, Gaming Tax Law and Bank Secrecy Act Issues for Indian Tribal Governments. The new release contains the notation “Revised 8-2008”, and is available in quantity from the IRS Forms Distribution Center.

The revised publication contains updated withholding information, clarifies the Federal Unemployment Tax rules for tribal entities, adds content on information reporting to vendors, explains rules relating to foreign patrons and vendors, and clarifies federal tax deposit rules.

In addition to ordering hard copies, an on-line version can be accessed and downloaded from the ITG web site at www.irs.gov/tribes.

New Mexico Employment Tax Workshops a Success: Arizona Workshops to Follow—Sign-up by: 1-30-2009

During December, 2008, ITG offered Employment Tax Workshops to persons who prepare or review employment tax forms (941's, W-2's, 1099's, etc.) for Native American entities located in New Mexico, Arizona and Colorado. The Workshops were intended to provide employment tax information to tribal payroll employees to ensure the correct preparation of employment tax forms and timely deposits of withheld and matching taxes.

The Workshops received positive feedback from all of the participants who attended the training. The training provided hands-on experience related to the preparation of the employment tax returns. This training has been extremely positive in reducing penalties and reconciliation errors. ITG is committed to providing superior service to all of our tribal customers. As part of this continued customer service, a workshop has been scheduled for:

- Wednesday and Thursday, February 18 - 19;
- Elks Lodge #499 located at 2101 North San Francisco Street, Flagstaff, AZ 86001

To register for this class, you just need to submit your name, e-mail address, phone number and address. To register by telephone contact Theresa Nosie at (480) 503-7318 or Michelle Risk at (520) 205-5022. To register via E-mail: Theresa.S.Nosie@IRS.GOV or Michelle.L.Risk@IRS.GOV. You may also fax your information to Theresa Nosie at (480) 503-7320 or Michelle Risk at 520-670-4661.

Registration is limited to the first 25 participants, so please contact Theresa Nosie or Michelle Risk by **January 30, 2009** to register for this workshop.

If you are interested in receiving a local presentation to your tribe's employees on employment taxes or any other federal tax related topics, please contact your assigned ITG Specialist or the Group Manager, Anita Gentry. The current Southwest ITG contact information is provided on Page 8.



Are You Having A Problem or Trouble Dealing with the IRS?

You receive a notice in the mail from the IRS. You are the employee of the tribal government or business enterprise, and this is your responsibility to handle this situation. You pick up the telephone and the IRS employee wants to know if you are an authorized person to receive this information. The IRS employee is just protecting the privacy of the tribal government or enterprise.

In many cases you will be requested to provide a Form 2848, (*Power of Attorney and Declaration of Representation*) or Form 8821, (*Tax Information Authorization*) in order to receive any tax information. This same situation may occur when dealing with an ITG Specialist during an examination or other compliance activity. You may be requested to provide a Form 2848 or Form 8821 to receive the information on behalf of the tribal entity. The entity has the authority to determine who should receive the information or act on its behalf.

This is not to imply that you should not receive the information. The IRS only recognizes the officials of this entity or the tribal government. On the back of the Form 2848, there is a designation as an employee of the entity. Your cooperation in providing a power of attorney or tax authorization will protect you as the employee of the entity. It will also protect the IRS employee providing you the information or assistance that you need to resolve the issue. More information on third party authorizations can be found at: <http://www.irs.gov/businesses/small/article/0,,id=107629,00.html>.

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.

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.

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.



Board Members and Standing Committee Members: Are these Workers Employees or Contractors?

Currently, during our examinations and employment tax workshops, many questions have been elevated regarding pay received by board members and standing committee members. This article is to clarify the proper treatment of pay to the board members and the standing committee members for federal tax purposes.

It has been the position of the Internal Revenue Service that tribal board and committee members are employees because they are considered to be so for a federal, state and local government. However, since tribal governments are not specifically listed in this law, then we are required to consider the categories of evidence when determining whether or not tribal board and committee members are employees.

Please refer to *Publication 1779, Independent Contractor or Employee*, <http://www.irs.gov/pub/irs-pdf/p1779.pdf>, that discusses how you should use three categories of evidence to determine if your board or committee members are your employees. If you need further assistance making the determination, then please contact your assigned ITG Specialist to discuss these categories.

If you determine that the board members are employees, Internal Revenue Service Regulation 1.62-2 defines accountable and non-accountable plans along with the record keeping requirements. The tax treatment of reimbursement or expense allowances received by employees depends upon whether the arrangement is an accountable or non-accountable plan. Expenses that are reimbursed under an accountable plan are not reported as income on an employee's Form W-2 (Wage Statement). Any amounts paid under a non-accountable plan must be included in the employee's income. Please refer to our Employment Tax Desk Guide Publication 4268 at our website <http://www.irs.gov/pub/irs-pdf/p4268.pdf> for further information on this topic.

In conclusion, payments to Indian tribal board members and standing committee members for services performed by them are includible in gross income and, in general, are reportable as gross wages on Form W-2. If you determine that they are independent contractors you must be able to support your position. If the board members and standing committee members treated as employees are receiving expense allowances under an accountable plan, the deductible expense allowances are not included in gross wages. Any amounts paid under a non-accountable plan must be included in gross wages.

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.



Tax News For You!

Individual Tribal Member Information

Earned Income Tax Credit (EITC) Awareness Day is January 30, 2009

Organizations, governments, employers and others interested in helping taxpayers , who earn less than \$41,646 receive the tax credit they deserve, are invited to join together and raise awareness about EITC on Friday, January 30, 2009.

IRS estimates that 20-25 percent of eligible taxpayers fail to claim the credit . The EITC could put as much as \$4,824 into the pockets of a family with two children, or as much as \$2,917 to a family with one child, or up to \$438 for a worker with no children. The Earned Income Tax Credit is the federal government's largest program benefiting lower income workers. Some individuals and families may qualify for the credit for the first time because of unemployment or other changes in their financial, marital or parental status during the past year.

If you need more information on EITC check our website at <http://www.irs.gov/individuals/article/0,,id=96456,00.html>. Contact IRS at partner@irs.gov for information about how you can get involved in your community.

Volunteer Income Tax Assistance (VITA) Grant Announcements

VITA grants were received by 111 organizations; 17 of those grantees are planning to implement or expand services to Native communities. For more information on the VITA grants refer to: <http://www.irs.gov/newsroom/article/0,,id=188564,00.html>.

Mileage Rates Effective January 1, 2009

In accordance with IR-2008-131, beginning on January 1, 2009, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 55 cents per mile for business miles driven
- 24 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving expenses are slightly lower than the rates for the second half of 2008 that were raised by a special adjustment mid-year in response to a spike in gasoline prices. The rate for charitable purposes is set by law and is unchanged from 2008.



>>>> *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 **Anita D. Gentry, Southwest Group Manager, at (505) 837-5573 or e-mail her at Anita.D.Gentry@irs.gov.**

Aaron Coleman

Aaron.H.Coleman@irs.gov
(602) 207-8751

Arizona: Fort McDowell Yavapai Nation, Havasupai Tribe, Hopi Tribe, Hualapai Tribe, Kaibab-Paiute Tribe, Navajo Nation-- Chinle Agency, Yavapai-Apache Nation, Yavapai-Prescott Indian Tribe

Utah: Paiute Indian Tribe of Utah & Ute Indian Tribe of Utah

Jimmy Crook

Jimmy.C.Crook@irs.gov
(505) 837-5613

New Mexico: Jemez Pueblo, Laguna Pueblo, Navajo Nation-- Eastern Agency, Santa Ana Pueblo, Santo Domingo Pueblo, Taos Pueblo, Tesuque Pueblo, Zia Pueblo

Colorado: Ute Mountain Tribe

Lonnette Graham

Lonnette.L.Graham@irs.gov
(505) 837-5536

New Mexico: Acoma Pueblo, Isleta Pueblo, Mescalero Apache, Navajo Nation-- Northern Agency, Pojoaque Pueblo, San Ildefonso Pueblo, Sandia Pueblo, Zuni Pueblo,

Colorado: Southern Ute Tribe

Theresa Nosie

Theresa.S.Nosie@irs.gov
(480) 503-7318

Arizona: Navajo Nation--Western Agency, Salt River Pima-Maricopa Indian Community, Tonto Apache Tribe, White Mountain Apache Tribe

Utah: Skull Valley Band of Goshutes

Michelle Risk

Michelle.L.Risk@irs.gov
(520) 205-5022

Arizona: Ak-Chin Indian Community, Cocopah Indian Tribe, Colorado River Indian Tribes, Fort Mojave Indian Tribe, Fort Yuma-Quechan Indian Tribe, Gila River Indian Community, Navajo Nation-- Fort Defiance Agency, Pascua Yaqui Tribe, San Carlos Apache Tribe & Tohono O'odham Nation

Catherine St. Gregory

Catherine.M.StGregory@irs.gov
(505) 986-5260 ext. 243

New Mexico: Cochiti Pueblo, Jicarilla Apache Tribe, Nambe Pueblo, Picuris Pueblo, San Felipe Pueblo, Ohkay Ohwingey Pueblo, Santa Clara Pueblo

Texas: Ysleta Del Sur Pueblo

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 First Quarter 2009

January 2009

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

February 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Issue W-2s, W-2Gs, and 1099s to recipients	3	4 * Make a deposit for 1/28-1/30	5	6 * Make a deposit for 1/31-2/3	7
8	9 File Form 730 for wagers received during December	10 File Form 941 for the 4th calendar quarter of 2008 Employees report January tip income to employers if \$20 or more	11 * Make a deposit for 2/4-2/6	12	13 * Make a deposit for 2/7-2/10	14
15	16	17 ** Make a deposit for January if under the monthly deposit rule	18	19 * Make a deposit for 2/11-2/13	20 * Make a deposit for 2/14-2/17	21
22	23	24	25 * Make a deposit for 2/18-2/20	26	27 * Make a deposit for 2/21-2/24	28

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

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

9 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 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 <i>File W-2s with SSA and 1099s with IRS</i> <i>Form 730 for wagers received during January</i>	3	4 * Make a deposit for 2/25-2/27	5	6 * Make a deposit for 2/28-3/3	7
8	9	10 Employees report February tip income to employers if \$20 or more	11 * Make a deposit for 3/4-3/6	12	13 * Make a deposit for 3/7-3/10	14
15	16 ** Make a deposit for February if under the monthly deposit rule	17	18 * Make a deposit for 3/11-3/13	19	20 * Make a deposit for 3/14-3/17	21
22	23	24	25 * Make a deposit for 3/18-3/20	26	27 * Make a deposit for 3/21-3/24	28
29	30	31 <i>File Form 730 for wagers received during February</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.

Return Filing Dates

February 2nd

- > File Form 941 for the 4th quarter of 2008. If all deposits are paid on time and in full, file by February 10th.
- > If pre-qualified for simplified payroll filing, file Form 944. If all deposits are fully paid on time, file by February 10th.
- > File Form 940 for 2008 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 10th.
- > File Form 730 and pay the tax on applicable wagers accepted during December 2008.
- > File Form 944 for 2008 if required in lieu of Form 941. If all deposits are paid on time and in full, file by February 10th.
- > File Form 945 for 2008. If all deposits are paid on time and in full, file by February 10th.
- > File Form 943 for 2008 (agricultural entities). If all deposits are paid on time and in full, file by February 10th.

March 2nd

- > 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.
- > File Form W-3, along with copy A of Forms W-2 you issued for 2008. File by March 31st if filing electronically.
- > File Form 730 and pay the tax on applicable wagers accepted during January 2009.
- > 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 2009.