



ITG News



Indian Tribal
Governments



Keeping First Nations Informed

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Message from the Director

As we begin the final quarter of the federal government's 2008 fiscal year, our office is undertaking our annual Customer Satisfaction Survey. This will be our sixth year for the survey, which is a valuable tool that helps us better understand the federal tax administration needs of Indian tribal governments.

I want to take this opportunity to communicate how strongly I feel about the survey, and how important the results are in the formulation of future activities. In each of the prior 5 years, we have convened a team to analyze the feedback. We have developed specific actions to address the concerns raised, and we have reinforced existing actions where the respondents indicated a high level of satisfaction. While we always seek opportunities for improvement, we also recognize that we need to maintain those areas that appear to be working well.

We have posted the results of the survey to the ITG web site at www.irs.gov/tribes each year, and we have used ITG News as the mechanism to share the changes we have implemented based on survey feedback. One of the major issues surfaced last year was a need for improved federal tax information for tribal members. While their tax issues are the purview of other IRS operating divisions, we are taking specific steps to assist in this area, including the creation and issuance of a primer on Individual Indian Issues which was sent to each tribe via CD-Rom. We also distributed flyers, envelope stuffers, posters, and Public Service Announcements on the Economic Stimulus payments. We are currently working to get improved information on tribal member tax issues to the VITA sites that service tribal areas.

The 2008 Customer Satisfaction Survey is currently in the mail to each tribe. I urge you to complete it and return it in the postpaid envelope as soon as possible. All responses are anonymous unless you choose to identify yourself, but your feedback is invaluable to us. As always, we will publish a summary of the results, as well as a listing of activities we will undertake to further improve our performance. I want to thank everyone in advance for their participation in this vital process.

Christie Jacobs



*....your feedback is
invaluable to us.....*

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Consultation Procedures

As most everyone is aware, federal agencies are required to consult with tribes on issues that primarily affect them. In order to ensure that the IRS is in conformance with this requirement, we have developed procedures that spell out how we will implement the requirement. This was done with substantial input of tribal representatives, and has a two-pronged approach.

First, we have open "listening meetings" four times per year, on a rotating basis throughout each of the regions of the Bureau of Indian Affairs. These meetings are advertised via ITG News, as the headline on the ITG Internet page at www.irs.gov/tribes, and via a direct mailing to each tribal leader in the area where a meeting is scheduled. These meetings represent an opportunity for the IRS to share information on current and pending events, but more importantly are a venue for tribes to raise their questions, concerns, and suggestions. Our next scheduled meeting is planned for Billings, Montana on August 14th between 1:00 and 4:00pm.

The second component of our Consultation procedures involves the opportunity for tribes to request ad hoc discussions with the IRS on any specific issue that they wish to raise. This can be done via a telephone call to ITG Director Christie Jacobs at 202-283-9800, or via an e-mail link on the Consultation web page at www.irs.gov/tribes.

To date, we have met with over 250 tribal representatives through these procedures, and the feedback has been invaluable. Please watch future editions of ITG News, as well as the ITG web site, for information on future meetings.

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

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.



Deterring Theft of Tribal Funds

As tribal economies continue to evolve and expand, many tribes are involved in multi-million dollar projects. These projects are very diverse, and range from construction of new gaming facilities, to formation of manufacturing entities, to development of wind energy farms. As we visit tribal homelands, it is always encouraging to see development, and listen to the hope it brings to tribal members.

At the same time, these economic projects bring great risk to the tribe as well. All ventures carry the inherent risk that the return on the investment may not be as high as projected, or that external factors may adversely affect the marketplace after the development is completed. Of equal importance is the risk to tribal finances that can occur during the project development process, or through contracting for operation of the development once it is functioning.

We recently completed action on a case where several individuals diverted loan proceeds which the tribe had borrowed to aid in a casino development project. Since the overall project required the tribe to borrow in excess of \$10 million, the \$300,000 diverted by these individuals was not immediately noticed. The three perpetrators used the money for personal purposes, while the tribe repaid the debt as part of its overall loan obligation without realizing that they had lost the use of the money.

When adequate internal controls are lacking, it becomes too easy for an unscrupulous individual to divert tribal funds for an unintended use. The scheme can be covered up through mechanisms such as false invoicing – billing for services never performed, ghost employees – payroll checks to fictitious individuals, or petty cash fund payments for goods never actually acquired. There are any number of ways someone can cover their tracks by creating false records, which appear credible at first glance.

In the end, the lack of adequate internal controls always costs a tribe money, and funds that should be used for programs for tribal members end up personally benefiting someone who has found a loophole in the system.

How do you prevent this? First, tribes need to ensure that they have in-depth internal controls, so that no one individual controls both the receipt and expenditure of money. Second, annual audits are essential, both to identify problems, and to ensure potential perpetrators are aware that records will be reviewed. Last, when you uncover misuse of tribal funds for someone's personal gain, contact ITG so that we can pursue the tax consequences to the individual. Deterring individuals from attempting to personally gain at the expense of the tribe starts with having procedures in place to increase the likelihood they may be caught, and ends with a commitment that the tribe will do whatever it can to ensure the perpetrator pays for their illicit gain.

Reporting Abuses/Schemes

We continue to work with tribes and tribal officials to address financial abuses and schemes being promoted in Indian country. Working together can help ensure the integrity of tribal finances, and eliminate the threats posed by individuals with schemes that appear "too good to be true" and often are.

If you are aware of financial impropriety, or of a promoter advocating a scheme that appears highly suspect, you can contact the ITG Abuse Detection and Prevention Team at (716) 686-4860, or via e-mail at tege.itg.schemes@irs.gov



Mileage Rate Increased Through December 31, 2008

The Internal Revenue Service announced an increase in the optional standard mileage rates for the final six months of 2008. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

The rate will increase to 58.5 cents a mile for all business miles driven from July 1, 2008, through December 31, 2008. This is an increase of eight (8) cents from the 50.5 cent rate in effect for the first six months of 2008, as set forth in [Rev. Proc. 2007-70](#). The new rates are contained in [Announcement 2008-63](#) on the optional standard mileage rates.

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2008. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

The new six-month rate for computing deductible medical or moving expenses will also increase by eight (8) cents to 27 cents a mile, up from 19 cents for the first six months of 2008. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

Purpose	Rates 1/1 through 6/30/2008	Rates 7/1 through 12/31/2008
Business	50.5	58.5
Moving/Medical	19	27
Charitable	14	14

FinCEN Releases Revised Currency Transaction Report - Casino (FinCEN Form 103) and BSA E-File Electronic Filing Specifications

FinCEN has announced the release of a revised CTRC (FinCEN Form 103) and BSA E-File Electronic filing specifications to be effective August 2008. The documents must not be used for filing until September 1, 2008.

FinCEN Form 103 questions may be directed to the FinCEN Regulatory Helpline at 1-800-949-2732, or for BSA E-Filing, the E-File Helpline at 1-888-827-2778)

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.



Casino Information Return Reporting:

How to account for Coupons and Player Tracking Club Points?

What are the reporting requirements for coupons issued by the casino and player tracking club points?

First the coupon issue, coupons would be treated as a purchase price adjustment which reduces a specific gross purchase price of property to an agreed net price. The adjustment is excluded from the purchaser's gross income but reduces the purchaser's cost of the property acquired. A coupon is provided through the direct mailing to the casino patrons. These patrons enter the casino with the coupon, go the window and receive coin to be placed into the slot machines. In this situation, the patron is purchasing coin, the patron has no basis in the coin purchased; however, this is not income to the patron just a reduction in the value of the coin purchased.

The second issue is regarding the playing club tracking card. In this case a patron is issued a card, similar to a credit card/ which, when inserted into a slot machine, tracks the customer's play. Typically, the patron receives points based on the amount of "coin-in." Points are credited in accordance with a preset ratio (e.g. one point for every \$15 of coin-in). When sufficient points are accumulated, the customer may redeem them for various valuable rewards. The industry's term for payments made by slot clubs is "slot scrip." The vast majority of accumulated points are redeemed for small rewards with values below the threshold for issuance of Forms 1099 or W-2G.

In LTR 93-40-007, the Service was presented with the question of whether an airline was required to file information returns under IRC Section 6041 for redemptions issued to members of its frequent flyer program. The Service determined that the airline was not obligated to file such returns.

If slot scrip is not income to slot club recipients, then the casinos clearly have no obligation to file information returns under IRC section 6041. It is the position of the IRS that slot clubs are analogous to frequent flyer programs, and, thus, it is highly probable that slot club rewards will be similarly treated. Since, for coin-in systems, the amount of the slot scrip earned for playing is prorated and known in advance, slot scrip may reasonably be regarded as a non-taxable rebate.



Arizona's Tribal VITA Sites Rock in the 2008 Filing Season

The State of Arizona had 13 official tribal VITA (Volunteer Income Tax Assistance) sites open to assist tribal members and tribal employees with the electronic preparation and filing of their 2007 Federal Income Tax returns. The 2007 tax filing season has been one of the most challenging years for preparing tax returns. The ESP (Economic Stimulus Package) created many new first time filers. The software was not updated for the electronic filing of these returns. The volunteers were innovative in the preparation of the returns and should be commended for a job well done.

However, for the 2008 VITA sites, their job is not over. Since the ESP returns can be electronically filed until October 15, 2008, the VITA sites are remaining open to continue to assist their communities. Flyers have been distributed to all of the tribes to advertise the ESP returns and let individuals know that they are required to file a 2007 Federal Income Tax Return in order to be eligible to receive the rebate check. Even if the person does not normally have a tax return filing requirement, they must file a tax return in order to receive the ESP. An individual can contact the IRS at 1-800-829-1040 for locations on tax assistance.

In 2008, there have been 107 Native American communities preparing returns. These tribal sites, as of April 24, 2008, had prepared 24,942 tax returns. The tribal VITA sites in the State of Arizona prepared 15 percent of those returns. The following tribes and organizations who participated in the 2008 VITA program are:

Cornfield Chapter of the Navajo Nation

DNA-People Legal Services

Gila River Indian Community

Navajo Nation—United Way

Pinon Chapter—Satellite DNA-People Legal Services

San Carlos Apache Housing Authority

Tohono O'odham Nation

Colorado River Indian Tribes Job Employment

Fort Yuma-Quechan Indian Tribe

Inter-Tribal Council—Phoenix, AZ

Pascua Yaqui Tribe

Salt River Pima-Maricopa Indian Tribe

San Lucy District of the Tohono O'odham Nation

White Mountain Apache Tribe

The Gila River Indian Community (GRIC) received the 2008 NAFOA (Native American Finance Officers Association) Award for Financial Literacy Program of the Year for its VITA program. The GRIC VITA site was noted for having provided income tax preparation and guidance to GRIC Community members and became "one of the top producing sites" in the area.

Effective 7-1-2008, tribal entities are eligible to apply for a matching funds grant program to assist with the cost of maintaining their VITA program or to open a new VITA site. The grant program closes on 9-1-2008. Publication 4680, Volunteer Income Tax Assistance - Grant Program information will be available at <http://www.irs.gov/individuals/article/0,,id=111807,00.html> or contact your ITG Specialist to receive a copy. The grant application package will be available on Publication 4671. Additional information regarding the grant program can be found at http://www.irs.gov/pub/irs-utl/rpt_2_congress_vita_grant_042408.pdf.



Tax News For You!

Individual Tribal Member Information

IRS Wants Retirees and Disabled Veterans to File for Their Economic Stimulus Payments

The IRS announced a new summer campaign to reach those retirees and disabled veterans who qualify for the economic stimulus payment but have not filed to claim it. New statistics released indicate about 74 percent in this group are accounted for in the stimulus payments currently being sent, leaving about 5.2 million potential recipients remaining.

Later this summer, the IRS will send these potential recipients a special letter that explains stimulus payment eligibility and how to claim it. The letter will include a sample tax form and an actual tax form that people can complete and mail to the IRS. This will be the second special mailing to reach those individuals.

The Economic Stimulus Act of 2008 provides for people who have no tax liability or no tax filing requirement, there is a minimum payment of \$300 (\$600 for married couples), plus the \$300 for each qualifying child. To be eligible for the minimum payment, individuals must have at least \$3,000 in qualifying income. Qualifying income includes any combination of earned income, nontaxable combat pay and certain benefit payments from Social Security, Veterans Affairs and Railroad Retirement. The types of Social Security benefits that are considered qualifying income include retirement, disability and survivor payments. Supplemental Security Income (SSI) is not qualifying income. The types of Veterans Affairs benefits that are considered qualifying income include disability compensation, disability pension and survivor payments. Qualifying Railroad Retirement payments include the social security equivalent portion of Tier 1 benefits.

Don't be left out. With qualifying income, be sure to file a tax return by October 15, 2008 to receive the economic stimulus payments. For additional information, go to www.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 **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

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(505) 837-5536

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

Colorado: Southern Ute Tribe

Theresa Nosie

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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

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(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

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(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 Third Quarter 2008

July 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 <i>File Form 11-C for the annual Occupational tax</i>	2 * make a deposit for 6/25-6/27	3	4	5
6	7 * make a deposit for 6/28-7/1	8	9 * make a deposit for 7/2-7/4	10 Employees report June tip income to employers if \$20 or more	11 * make a deposit for 7/5-7/8	12
13	14	15 ** make a deposit for June if under the monthly deposit rule	16 * make a deposit for 7/9-7/11	17	18 * make a deposit for 7/12-7/15	19
20	21	22	23 * make a deposit for 7/16-7/18	24	25 * make a deposit for 7/19-7/22	26
27	28	29	30 * make a deposit for 7/23-7/25	<i>File Form 730 for wagers received during June</i> <i>File Form 941 the 2nd calendar quarter of 2008</i>		

August 2008

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

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

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.



September 2008

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

Return Filing Dates

July 1st

- > File Form 11-C to register and pay the annual tax if you are in the business of taking wagers

July 31st

- > File Form 941 for the 2nd quarter of 2007. If all deposits paid on time and in full, file by August 11th.
- > File Form 730 and pay the tax on applicable wagers accepted during June.

September 2nd

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

September 30th

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