



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

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

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

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

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

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

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.



*A decade of service to
America's first nations.*

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Message from the Director

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

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

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

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

Christie Jacobs

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

[Notice 2010-51](#) invites public comments regarding guidance to be provided concerning new requirements with respect to the reporting of payments made in the course of the payor's trade or business. Very generally, these new requirements imposed by Section 9006 of *Affordable Care Act* expand the existing information reporting requirements to apply to payments made to corporations and to include certain payments of gross proceeds and with respect to property. The new reporting requirements under these amendments apply to payments made after December 31, 2011.



Current scams and phishing sites posing as the IRS

There is a fraud risk you need to be aware of. It is related to the Electronic Federal Tax Payment System.

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

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

1. Do not reply to the sender, access links on the site or submit any information to them.
2. Forward the message immediately to us at phishing@irs.gov.
3. [How to report and identify](#) phishing, e-mail scams and bogus IRS websites.
4. If you receive a suspicious e-mail or discover a website posing as the IRS, please forward the e-mail or URL information to the IRS at phishing@irs.gov.
5. [EFTPS](#) is a tax payment system provided free by the U.S. Department of Treasury. Pay federal taxes electronically via the Internet or phone 24/7. Visit [EFTPS](#) to enroll.

Remember The IRS does not initiate taxpayer communications through e-mail.



Notes from the Editor: Workshops & ITG Specialist Tribal Assignments

The ITG Workshops (held at Pala Casino Resort Spa on September 14th and 15th), based on the feedback received, were a success. The workshops involved a full two days of material, involving several IRS presenters, on Gaming Issues and Employment Tax topics. There were 85 attendees over the two-days, including Casino, Tribal, and Gaming Commission participants. We have also had good feedback from the Nevada Employment Tax workshops.

We at ITG are most appreciative to those who coordinated for their Tribal entity, and to those who attended and participated. Thanks to the team members at Pala who made arrangements and helped with the on-site details. You were incredible hosts!

Ms. McGuffin, our Bank Secrecy Act Technical Advisor, and our Central Withholding Agreement Specialists (Ms. Garrett and Mr. Mallay) enlightened us with their expertise. Jerrie Muir, our Stakeholder, Partnerships, Education and Communication (SPEC) liaison, discussed outreach his team can provide, including tax return preparation by Volunteer Income Tax Assistance (“VITA”) volunteers which IRS will arrange for and provide at your facility. Contact Jerrie at (714) 347-9257 for more detail.

We hope to present Gaming Issues workshops, with attendees from several casinos, in Central and Northern California in early 2011. We also remain available for workshops at your Tribal entity to focus on topics of specific interest to your staff. Interested Tribal entities are encouraged to contact your ITG Specialist.

We have hired and trained two new ITG Specialists. Although they are not new to IRS, they are new to ITG. Mark Betzler and Jonathan Trexel are introduced to you on page 4. They have attended several training classes specifically designed for new ITG employees and are now ready “for prime time”. We recently completed a realignment of our Tribal assignments to reflect the retirement of Mr. Garcia, the assignment of Tribes previously worked by Mr. Akers, and the entrance of Mark and Jon to the arena. If you follow the link: <http://www.irs.gov/govt/tribesarticle/0,,id=96133,00.html> you can determine who your current ITG Specialist is and how to make contact.

As always, you may contact me at Scott.J.Karafin@irs.gov or (619) 744-7164 with your ideas for newsletter articles. Thanks again to all who coordinated, attended, and participated at our recent workshops.

Scott Karafin

Meet the New ITG Specialists

Mark Betzler, a 4 year employee with the IRS, has been with ITG for about 5 months now. Before ITG he worked for the Small Business/Self Employed division.

“I had been working in SBSE as a Revenue Agent for 3 ½ years and felt I needed a new frontier to offer me some new challenges. Getting out of the office is a special aspect of being a Revenue Agent and being an ITG Specialist brings that aspect to the table even more.” Before he came to the IRS he worked as an Independent Investment Broker where he serviced clients regarding investments and insurance.



Mark’s region covers Northern California from the coast to the mountains and Northern Nevada from Reno to the Idaho & Utah border. Mark’s immediate goals working in ITG are to learn the job and make himself an indispensable asset to his tribes. “I would like to think I am bringing a variety of highly desirable skills based on my experiences, but the one which I think serves me the best is a belief that customer service is of utmost importance.”

What has surprised Mark about ITG/Tribal Nations in his short tenure here are the people: “the people have been very nice, supportive and inviting – just the way I like.” Mark is currently in the process of purchasing a vacation home so very soon his new hobby will be fixing it up and helping his wife decorate it.

Jonathan Trexel, a CSU Stanislaus Philosophy & English Literature graduate; a San Jose State M.S. Accountancy graduate, with experience in tax preparation, tutoring and teaching at the high school and grade school levels and a former Boy Scout, was recruited 7 years ago by the IRS to become a small business examiner for SB/SE. He joined ITG 5 months ago.

“The people that work for ITG have been incredibly friendly and helpful. As soon as I met everybody I knew I was home.” A man who enjoys being active and finding challenges to improve his personal best, Jon enjoys tinkering around the house, camping and cycling. He is an avid cycle-camper where he routinely goes on long cycling journeys camping along the way while hauling all the necessary equipment. Beyond moving to a new position this summer he has sold his home in Stockton and is in the “exhausting” process of finding a new home in Sacramento.

When asked whether anything surprised him about ITG in his short tenure here, he said: “While in training I was surprised by how little I knew about the history of the relationships between Tribes and the U.S. Government, and how important it is to foster open communication and mutual understanding so both the Tribes and the IRS can meet their respective goals.”

Jon joined ITG for the opportunity to participate in education and outreach, and reach customers beyond the Sacramento area. Jon’s region covers areas throughout Northern CA and Northern NV. His immediate goals are to learn as much as he can and get out into the field to meet his new customers.



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

We need your help to prevent tax-exempt organizations in your community from losing their tax exemption. Tax-exempt organizations, except churches and church-related groups, that fail to file for three consecutive years [automatically lose their tax-exempt status](#). The IRS is providing [one-time relief](#) to allow small tax-exempt organizations to come back into compliance by October 15, 2010, and retain their tax-exempt status even though they failed to file for three consecutive years. The IRS has published a [list](#) of over 300,000 organizations at risk of losing their exemption because the IRS has no record of their filing for 2007, 2008 or 2009.

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

Webinar on the Indoor Tanning Excise Tax

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

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

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

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

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

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

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



Tax News For You!

Individual Tribal Member & Employee Information

FORGIVENESS OF DEBT: TAXABLE OR NON-TAXABLE?

If you borrow money and the lender later cancels or forgives the debt, you **may** have to include the cancelled amount in income for tax purposes, depending on the circumstances.

When you borrowed the money you were not required to include the loan proceeds in income because you had an obligation to repay the lender. When that obligation is subsequently forgiven, the amount you received as loan proceeds is **normally** reportable as income because you no longer have an obligation to repay the lender. The lender is **usually** required to report the amount of the canceled debt to you and the IRS on a Form 1099-C, Cancellation of Debt.

Here's a very simplified example. You borrow \$10,000 and default on the loan after paying back \$2,000. If the lender is unable to collect the remaining debt from you, there is a cancellation of debt of \$8,000, which generally is taxable income to you.

Is Cancellation of Debt income always taxable?

Not always. There are some exceptions. The most common situations when cancellation of debt income is not taxable involve:

- **Qualified principal residence** indebtedness: This applies to most homeowners, if the forgiven or cancelled debt was used to buy, build or substantially improve your principal residence OR refinance debt used for one of these purposes.
- **Bankruptcy**: Debts discharged through bankruptcy are not considered taxable income.
- **Insolvency**: If you are insolvent when the debt is cancelled, some or all of the cancelled debt may not be taxable to you. You are insolvent when your total debts are more than the fair market value of your total assets.
- **Non-recourse loans**: A non-recourse loan is a loan for which the lender cannot pursue you personally in case of default. Forgiveness of a non-recourse loan resulting from a foreclosure does not result in cancellation of debt income. However, it may result in other tax consequences.

These exceptions are discussed in detail in [Publication 4681](#), Canceled Debts, Foreclosures, Repossessions, and Abandonments.

All IRS forms and publications may be downloaded from the [IRS website](#) at www.irs.gov, or you can request by calling 1-800-829-3676 (1-800-TAX-FORM.)

This article has been provided by our Stakeholder, Partnerships, Education and Communication (SPEC) division. If you have topics you would like to suggest for future editions, in our "Tax News for You" section, please e-mail Jerrie.R.Muir@irs.gov or call Jerrie at (714) 347-9257. Alternately, you may contact the Western edition Editor (see page 3).

Federal Tax Calendar for Fourth Quarter 2010

October 2010

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

Make a deposit for

Make a deposit for

November 2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 <i>File Form 720 the 3rd calendar quarter of 2010.</i>		3 Make a deposit for Oct 27-29.*	4	5 Make a deposit for Oct 30—Nov 2.*	6
		9	10 Make a deposit for Nov 3-5.* Employees are required to report to you tips of \$20 or more earned during October.	11	12	13
14	15 Make a deposit for Nov 6-9* Make a deposit for Oct under monthly deposit rule.**	16	17 Make a deposit for Nov 10-12.*	18	19 Make a deposit for Nov 13-16.*	20
21	22	23	24 Make a deposit for Nov 17-19.*	25	26	27
28	29 Make a deposit for Nov 20-23.*	30 <i>Form 730 for wagers received during Oct.</i>		NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely. * = Make a Payroll Deposit if you are under the semi-weekly deposit rule. ** = Make a Monthly Deposit if you qualify under that rule.		



December 2010

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

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule. NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.
 **= Make a Monthly Deposit if you qualify under that rule.

Did you know?

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

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

Return Filing Dates

November 1

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

November 30

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