



ITG News

Keeping First Nations Informed



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Alaska Edition

October 2003

Message From The Director



Welcome to the initial issue of our quarterly *ITG News* for Indian Tribes located within Alaska. As the IRS Office of Indian Tribal Governments moves to expand its efforts to assist federally-recognized tribes with addressing federal tax administration issues, we will continue to explore new methods to effectively communicate with tribes, and ensure the timely distribution of information. I hope that you find this newsletter to be a valuable tool.

We have a number of other information mechanisms available to assist you. We are continuing to enhance our web site for tribes at www.irs.gov/tribes, which includes recent information on regulatory issuances, links to common tax forms, answers to Frequently Asked Questions, return filing addresses, and updates on the Advisory Committee to the TEGE Commissioner, a group that includes two representatives from Indian tribes. We also offer toll-free telephone assistance at (877) 829-5500.

We want this to be your newsletter, so if there are any areas you would like addressed, please let us know. As always, I welcome your feedback on our operations, and particularly your suggestions on how we might improve our service to you. Please feel free to contact any of our Specialists at any time, or you may always contact me at (202) 283-9800, or via e-mail at christie.jacobs@irs.gov.

Christie Jacobs

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Consultation Listening Meeting in Anchorage

The IRS office of Indian Tribal Governments will be holding an open discussion in Anchorage on October 23rd on the formulation of an IRS/Tribal Consultation policy. See page 2 for details.



Update on Consultation Listening Meetings

Based on the recommendations of the Advisory Committee to the Tax Exempt Government Entities Commissioner, we are currently holding a series of 12 “listening” meetings that are designed to allow tribal input into the scope and process that might be employed in an eventual IRS/Tribal Consultation Policy.

We have completed six of the meetings and have received valuable ideas. However, there are still six additional meetings that will be held during the next three months as follows:

Wednesday October 15th

1:00-4:00pm

Holiday Inn – Duluth, Minnesota

200 West First Street

Thursday October 23rd

1:00-4:00pm

Westmark Hotel – Anchorage, Alaska

720 West 5th Street

Tuesday November 18th

1:00-4:00pm

U.S. Mint Building – Washington, D.C.

801 9th Street NW

Tuesday December 9th

9:30am-12:30pm

Courtyard by Marriott (Airport) – Albuquerque, New Mexico

1920 Yale Blvd SE

Wednesday December 10th

Navajo Nation

Time and Location TBA

Thursday December 11th

1:00-4:00pm

Hilton Phoenix East – Mesa, Arizona

1011 West Holmes Avenue

If you are interested in participating, you can attend any of the remaining meetings by registering online through the registration link on our web site at www.irs.gov/tribes. You can also submit input through the e-mail link on the bottom of the registration page. Once all of the meetings are completed, we will be posting a summary of the input received to our web site, and inviting additional comments before any drafting process begins.



ITG Customer Satisfaction Survey Results

In July we mailed our first ever Customer Satisfaction Survey to each of the 564 federally-recognized tribes. This effort was part of our desire to have our customers provide us with direct feedback on how well we are doing our job and meeting their needs and expectations.

The overall level of satisfaction was very high. However, that does not mean that we cannot improve. In fact, the survey results provided us with several areas where we will be undertaking actions. Many of those actions are included in a summary that we posted to our web site at www.irs.gov/tribes, but we also want to share some of the more significant actions that we are planning.

First, we will be making a renewed effort to ensure that every tribe is aware of our office and our mission. We will attempt to accomplish this through a marketing effort that will provide tribal contacts with readily accessible information on contact points and work hours for their assigned field specialists. We will also provide information on back-up contacts in the event that the primary contact is not available.

Second, we are initiating steps to improve access to our office and tax information through our web site. Many of our existing features, including our e-mail link, will be redesigned to attempt to improve their visibility, and the ability of our customers to locate the information that is utilized the most often. We will also be focusing efforts on working with tribes to remedy the cause of penalties, and to better address the tax issues for their members. Other actions are listed on our web site.

We want to thank each tribe that took the time to complete and return the survey. Your feedback is very important to us, and we look forward to your continuing feedback in the future.



Meet the Specialists

In order to provide quality service to the tribes, ITG hired individuals who serve as specialist and work “one-on-one” with the tribes. The specialists for the Pacific Northwest are listed on page 4.

These individuals received specialized training in areas such as employment taxes, Title 31, casino gaming, and protocol, and can address issues unique to Indian Country. Issues may relate to tribal governments as employers, distributions to tribal members and the establishment of governmental programs, trusts, and businesses.

Each of the ITG Specialists is assigned to specific tribes and serves as their single point of contact for assistance and service. If you are unaware of the contact person for your tribe and would like to speak with your Specialist, please contact Group Manager, Debra W. Thompson at (702) 455-1379 or via e-mail at Debra.W.Thompson@irs.gov.



ITG Area Contacts

PACIFIC NORTHWEST

Alaska, Idaho, Oregon, Washington

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Telephone, Internet, & Mailing Address

- **Call: Customer Account Services** toll free **877-829-5500**
- **Visit: Indian Tribal Governments** Web site at **www.irs.gov/tribes**
- **Write: Internal Revenue Service**

Indian Tribal Governments SE:T:GE:ITG

1111 Constitution Ave., NW

Washington, DC 20224



Treatment and Information Reporting of Certain Payments Made by Indian Tribal Governments

Tribal Council Members

Tribal council members are employees and must be issued Forms W-2 for the stipends, honorariums, or meeting fees they receive. However, the employer does not withhold any taxes from these payments to tribal council members. Payments of \$600 or more are reported on Form W-2. Box 14 of the Form W-2 should have the notation "Rev Rul 59-354." **Do not report these payments on Form 1099-MISC.**

Revenue Ruling 59-354 holds that 1) tribal council members are employees, 2) the payments made for services performed as tribal council members do not constitute wages for purposes of FICA or income tax withholding, and 3) the payments are includible in the council member's gross income.

The council members report their stipends, honorariums, or meeting fees on Form 1040, Line 7.

Examples follow to help clarify any questions you may have.

Situation A: Tribal government A pays an individual \$200 in a calendar year for meeting stipends as a tribal council member. Tribal government A does not employ the council member in any other capacity.

Neither FICA tax nor income tax withholding applies to the \$200 payment. Because the council member earns fees that are less than \$600, tribal government A is not required to issue Form W-2. However, the individual must still report the \$200 as wages on their federal income tax return.

Situation B: Tribal government B pays a tribal council member \$1,100 in the calendar year for meeting stipends. Tribal government B does not employ the council member in any other capacity.

Neither FICA tax nor income tax withholding applies to the \$1,100 paid to the council member for the calendar year. Tribal government B must report on Form W-2 Box 1 the meeting fees of \$1,100. There are no entries in boxes 2, 3, 4, 5, or 6. Box 14 should have the notation "Rev Rul 59-354." The employee must report the \$1,100 as wages on their federal income tax return.

Situation C: Tribal government C pays a council member \$200 in a calendar year for meeting stipends as a tribal council member. Tribe C also employs the council member in another capacity, in which the employee earned wages of \$300 that are subject to income tax and FICA withholding.

Neither FICA tax nor income tax withholding applies to the \$200 paid to the employee for services as a tribal council member, but the \$300 wage is subject to income tax and FICA withholding. Tribal government C must report on Form W-2 the \$300 payment and the income tax withheld. The \$200 payment is not required to be reported on Form W-2 because the total of the two payments is less than \$600 for the calendar year. However, the full \$500 must be reported by the employee on their federal income tax return.

Situation D: Tribal government D pays a council member \$200 in a calendar year for meeting stipends. Tribe D also employs the council member in another capacity, in which the employee earned wages of \$500 that are subject to income tax and FICA withholding.

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Tribal Council Members Situation D: continued

Neither FICA tax nor income tax withholding applies to the \$200 paid to the employee for services as a tribal council member. The \$500 payment is subject to income tax and FICA withholding. Because the total of the two payments is \$600 or more for the calendar year, Tribal government D must report on Form W-2 both the \$200 and the \$500 payments, and the amount of income tax withheld. Box 1 of Form W-2 will reflect \$700 for total wages, Box 3 will reflect \$500 for FICA wages, and Box 5 will reflect \$500 for Medicare wages. The applicable federal income tax withheld (from the \$500) will be shown in Box 2, while Boxes 4 and 6 will reflect the FICA and Medicare tax withheld (from the \$500). Box 14 should have the notation "Rev Rul 59-354; \$200." The full \$700 must be reported by the employee on their federal income tax return.

Election Workers

Election workers, like Tribal council members, are employees and must be issued Form W-2. Similarly, the employer does not withhold any federal income tax. However, unlike Tribal council members who are not subject to FICA in any situation, **election workers earning \$1,200 or more for the calendar year are subject to FICA tax.** Payments of \$600 or more paid to these employees are also reported on Form W-2. **Do not report these payments on Form 1099-MISC.**

Examples follow to help clarify any questions you may have.

Situation E: Tribal government E pays an individual \$400 in a calendar year for services as an election worker. The Tribe does not employ the individual in any other capacity.

Neither FICA tax nor income tax withholding applies to the \$400 paid to the election worker. Because the worker earns fees that are less than \$600, Tribal government E is not required to issue Form W-2, but the individual must still report the income on their federal income tax return.

Situation F: Tribal government F pays an individual \$1,200 in a calendar year for services as an election worker. The Tribe does not employ the worker in any other capacity. FICA tax, but not income tax withholding, applies to the \$1,200 paid to the worker for the calendar year. The Tribal government must report on Form W-2 the \$1,200 and the FICA tax withheld, and the employee must report the \$1,200 on their federal income tax return.

Situation G: Tribal government G pays an individual \$200 in a calendar year for services as an election worker. The Tribe also employed the worker in another capacity, in which the worker earned wages of \$300 that are subject to income tax and FICA withholding.

Neither FICA nor income tax withholding applies to the \$200 paid to the worker for services as an election worker. The \$300 payment is subject to income tax withholding and FICA withholding. Tribal government G must report on Form W-2 the \$300 payment and the income tax withheld. The \$200 payment is not required to be reported because the total of the two payments is less than \$600 for the calendar year. However, the full \$500 must be reported by the employee on their federal income tax return.

Situation H: Tribal government H pays an individual \$200 in a calendar year for services as an election worker. The worker is also employed in another capacity, in which they earned wages of \$500 that are subject to income tax withholding and FICA withholding.

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Election Workers Situation H: continued

Neither FICA tax nor income tax withholding applies to the \$200 paid to the employee for services as an election worker, but the \$500 payment is subject to income tax withholding and FICA withholding. The Tribe must report on Form W-2 both the \$200 and the \$500 payments and the amount of income tax withheld. Box 1 of Form W-2 will reflect \$700 for total wages, Box 3 will reflect \$500 for FICA wages, and Box 5 will reflect \$500 for Medicare wages. The applicable federal income tax withheld will be shown in Box 2, while Boxes 4 and 6 will reflect the FICA and Medicare tax withheld. The full \$700 must be reported by the employee on their federal income tax return.

Federal Unemployment Tax Refunds (FUTA Tax)

Are you a federally recognized tribe or an enterprise of a federally recognized tribe?

Are you current with the filing and paying of your Alaska Quarterly Contribution Reports (ESC tax)?

If your answer to both of the above questions is yes, you are exempt from FUTA taxes for years ending after December 20, 2000. As such, you are entitled to a refund of all Federal Unemployment Taxes (FUTA) that you paid for tax years 2000, 2001, and 2002.

Treasury Announcement 2001-16, February 20, 2001, 2001-8 I.R.B. page 715 allows tribes to reimburse the states for any unemployment taxes and to elect to exclude payment of FUTA taxes after December 20, 2000. A transition rule in Public Law Number 106-554, 114 Stat. 2763, allows for the electing tribe to exclude the FUTA for the year 2000 if unemployment taxes have been paid to their respective state.

Contact your local Indian Tribal Government Specialist to obtain instructions for claiming your refund of FUTA. The name of your local Specialist is provided on page 4.

- Any claims for the 2000 tax year must be filed before January 31, 2004.**
- Any claims for the 2001 tax year must be filed before January 31, 2005.**
- Any claims for the 2002 tax year must be filed before January 31, 2006.**

!! ALERT !!

Claims for refunds of FUTA taxes paid for tax year 2000 must be received by the IRS before January 31, 2004. See above for further information.

Federal Tax Calendar for Fourth Quarter 2003

October 2003

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3 * Payroll date 9/27-9/30	4
5	6	7	8 * Payroll date 10/1-10/3	9	10 * Payroll date 10/4-10/7 Employees report September tips to	11
12	13	14	15 ** Monthly payroll tax deposit for September	16 * Payroll date 10/8-10/10	17 * Payroll date 10/11-10/14	18
19	20	21	22 * Payroll date 10/15-10/17	23	24 * Payroll date 10/18-10/21	25
26	27	28	29 * Payroll date 10/22-10/24	30	31 * Payroll date 10/25-10/28	

November 2003

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5 * Payroll date 10/29-10/31	6	7 * Payroll date 11/1-11/4	8
9	10 Employees report October tips to employer	11	12	13 * Payroll date 11/5-11/7	14 * Payroll date 11/8-11/11	15
16	17 ** Monthly payroll tax deposit for October	18	19 * Payroll date 11/12-11/14	20	21 * Payroll date 11/15-11/18	22
23	24	25	26 * Payroll date 11/19-11/21	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 are due one day prior to the dates listed.

December 2003

SUN	MON	TUE	WED	THU	FRI	SAT
	1 * Payroll date 11/22-11/25	2	3 * Payroll date 11/26-11/28	4	5 * Payroll date 11/29-12/2	6
7	8	9	10 * Payroll date 12/3- 12/5 > Employees re-	11	12 * Payroll date 12/6- 12/9	13
14	15 ** Monthly payroll tax deposit for November	16	17 * Payroll date 12/10-12/12	18	19 * Payroll date 12/13-12/16	20
21	22	23	24 * Payroll date 12/17-12/19	25	26	27
28	29 * Payroll date 12/20-12/23	30	31 * Payroll date 12/24-12/26			

* = 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 are due one day prior to the dates listed

Return Filing Dates

By October 31

File Form 941 for the third quarter of 2003. If the tax was deposited in full and on time, file by November 10.

File Form 730 on applicable wagers accepted during September 2003.

By November 30

File Form 730 for applicable wagers accepted during October 2003.

By December 31

File Form 730 for applicable wagers accepted during November 2003.

To add your name or e-mail address to our mailing list, please contact us via e-mail at Judy.M.Pearson@irs.gov, or call Judy Pearson at (907)

Account or Tax Questions??
Call Customer Account Services at
1-877-829-5500