



ITG News

Keeping First Nations Informed



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Message From The Director

As many of you are aware, we have been working on the development of an IRS/Tribal Consultation Policy for the past 18 months. We have followed a structured process that was suggested by the Advisory Committee to the Tax Exempt Government Entities Commissioner. That process included a series of twelve (12) listening meetings and a comment period on the discussions that took place at those meetings.

I am pleased to announce that we have taken another step forward in the evolution of the policy, through the formation of a volunteer drafting group that included twelve tribal representatives. This group met in July and completed an outline of a draft policy that was heavily reliant on the feedback from the previous listening meetings. The outline was posted to our web site at www.irs.gov/tribes, along with a listing of the drafting committee members. Feedback was solicited, which could be provided to any member.

The drafting group will be meeting in late October to finalize the language in the draft policy. We hope to have the TEGE Commissioner meet with the group at that time, after which the policy will be subjected to a formal review.

While we have been very deliberate in the creation of the IRS/Tribal Consultation Policy, it is our hope that the steps we have taken will lead to a policy that works well for everyone and enables maximum dialogue to occur wherever possible. If you have any questions or suggestions, please feel free to contact any of the members of the drafting group. Their names and contact information are listed on page 2 of this newsletter.

Christie Jacobs



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A New Method to Contact Us

In response to your feedback, we want to make it easier for you to contact us. You can contact **Judy Pearson**, our Indian Tribal Governments Specialist in **Alaska**, by calling her **toll-free pager** at **1-888-733-6502** and leaving a callback telephone number. Judy will return your call as soon as possible.



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Magnetic Media Specifications for Title 31 Reports are Updated

The Financial Crimes Enforcement Network has updated the Magnetic Media Filing specifications for the various forms required under Title 31. This includes FinCEN Forms 102 and 103, which are the common forms filed by tribal casinos.

The requirements for magnetic media filing of the Currency Transaction Report by Casinos (FinCEN Form 103) are contained in a 46 page document that can be accessed at http://www.fincen.gov/magmed_ctr.pdf. The specifications for Suspicious Activity Reports (SARCs) are reflected in a twenty-nine (29) page document that can be accessed at http://www.fincen.gov/magmed_sarc.pdf.

The specification changes are effective February 1, 2005.

Abusive Schemes Continue to be an Area of Focus

The Office of Indian Tribal Governments continues to focus on combating abusive schemes that are surfacing in Indian Country. Our intent is to take actions that will protect tribal assets and minimize financial risk to the tribes and tribal members. Many schemes occur without the direct knowledge of the tribe, and/or without an understanding of the consequences by the tribe. They are a major concern for both the Service and Tribal governments who are struggling to protect their sovereignty and fledgling enterprises, and maintain the support of Congress and the general public. These concerns are magnified by increasing attempts by promoters to use the tax and legal status of tribes to shelter transactions from taxation and oversight.

Risks can arise when a promoter gains a foothold within a tribal enterprise and convinces a tribe to implement programs that often sound "too good to be true." Recent examples we have uncovered include improper tax treatment of distributions to members, improper practices involving employee leasing entities, and embezzlement of tribal funds.

We are actively seeking to partner with tribes to address these issues. Our web site was recently updated to include a special section on abusive schemes, along with a link for reporting them via e-mail or in writing. We have also included brief descriptions of the specific areas currently under review, and we will be expanding that section in the near future.

We appreciate the assistance of several tribes and tribal organizations that have been supporting this effort, and we welcome others to join with us to ensure that we can jointly address these problems as quickly as possible. Specific questions or concerns relating to abusive schemes can be directed to Ken Voght at (716) 686-4860, or via e-mail at tege.itg.schemes@irs.gov.



Electronic Federal Tax Payment System (EFTPS) Can I use a Phone for EFTPS?



EFTPS is a free service provided by two bureaus of the U.S. Department of the Treasury, IRS and the Financial Management Service (FMS). EFTPS gives you the ability to make federal tax payments electronically online or **by phone**. You do not need a computer to use this free service.

EFTPS was introduced in 1996 and since that time more than 4.6 million taxpayers have enrolled in the system to make their federal tax payments electronically. In fiscal year 2003, EFTPS processed more than 68.5 million transactions totaling more than \$1.5 trillion. Taxpayers can make payments through a secure web site or **by phone** 24 hours a day, seven days a week; schedule payments up to 120 days in advance; and review the last 16 months of tax payment history online or by calling Customer Service. In addition, taxpayers receive an immediate acknowledgement number for every EFTPS transaction for easy record keeping and as proof of the transaction. EFTPS is ideal for all employers.

It takes only minutes to make a tax payment using EFTPS. It's much less burdensome than writing checks, getting signatures on checks and last minute trips to the bank or Post Office. You're in control of initiating your payments. Your tax due date remains the same and no government agency has access to your account. You will receive an immediate EFT acknowledgement number to keep as a record of your tax payment.

EFTPS-Direct is an electronic payment method that allows you to access EFTPS directly to report your tax information. On the date you indicate, you will instruct EFTPS to move the funds from your account to the Treasury's account. Funds will not move from your account until the date you indicate, and your tax records will be updated with the IRS. You can initiate your payment directly to EFTPS using the Internet, PC software (free Windows-based software that's easy to install and use), or **your phone**. All three input methods are interchangeable and you can make your payments 24 hours a day, 7 days a week.

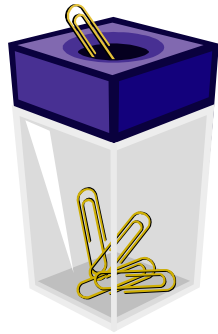
How does it work?



1. At least one day prior to your tax due date, before 4:00pm AK, you access EFTPS. EFTPS will prompt you for the necessary information to complete your tax payment.
2. The system processes the information reported, and when accepted, you receive an Electronic Funds Transfer Acknowledgement Number that you keep for your records.
3. EFTPS will originate a debit transaction against your designated account on the date you indicated when you made your tax payment.
4. The funds will be transferred to the Treasury's account, and the tax data will be reported to the IRS to update your tax records.

You can enroll in EFTPS by visiting www.EFTPS.gov
or by calling EFTPS Customer Service at
1-800-555-4477
to receive an enrollment form by mail.





Questionable W-4s

One of my employees gave me a W-4 form claiming exemption from withholding. Do I have to send the W-4 to the IRS?

Yes, if you receive a Form W-4, *Employee's Withholding Allowance Certificate*, on which an employee claims exemption from withholding and his or her wages would normally be expected to exceed \$200 or more a week, you must send a copy of that W-4 to the IRS service center with your next employment tax return (Form 941).

If an employee claims more than 10 exemptions on their Form W-4, does the employer have to report this to the IRS?

Yes, if you receive a Form W-4 on which the employee claims more than 10 withholding allowances, you must send a copy of that Form W-4 to the IRS service center with your next employment tax return (Form 941).

If you want to submit the Form W-4 earlier, you can send a copy of the Form W-4 to the IRS with a cover letter, including your name, address, employer identification number, and the number of forms included. The service center will send you further instructions if it determines that you should not honor the Form W-4.

The service center's Form W-4 coordinator will review the employee's most recent tax returns and make a determination as to whether to notify the employer to withhold based on a lesser number of allowances.

Employer's have an obligation to file any questionable Forms W-4 with the IRS service center. See Publication 15, Circular E for further information.

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Correcting Forms W-2 and W-3

No matter how hard you worked on your payroll year-end, you may still have to make a correction to the Form W-2 for a few of your employees. That process just got a whole lot easier!

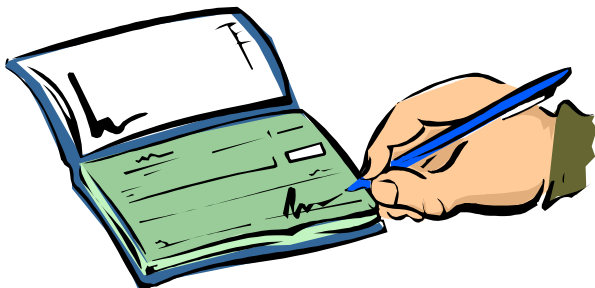
Now you can fill out the form on your computer screen, easily correct any typing errors, print out all the copies you need, give it to your employee, and file it with the Social Security Administration (SSA). This online form is available on the Web site of the American Payroll Association (APA) at <http://www.americanpayroll.org/news/formw2c.html>, and the SSA has approved it!

Here are some points to remember:

1. Entries carry forward to all copies. The W-2c is a six-part form, but you only have to enter the data once on this fill-in form. When you print it, all six copies will print out so that you can give copies to your employee and file the others with the appropriate government agencies.
2. Each W-2c or group of Forms W-2c must be accompanied by a Form W-3c. Prior to 2003, this was not required for a W-2c that was correcting only an employee's name or social security number.
3. Correcting only state or local data? The SSA urges you not to send them any Forms W-2c that have no effect on federal information.
4. Corrections to any wage and tax fields may require you to change your next tax deposit and attach a Form 941c, *Supporting Statement to Correct Information*, to your next Form 941. See the instructions for those two forms.

APA's strong partnership with the IRS and SSA allows it to prepare its classes and publications with the most accurate and up-to-date information to educate employers. IRS and SSA experts speak at many APA conferences and one-day seminars, including its Payroll Tax Forum. As a member of IRS' advisory committees, APA provides input toward improving the nation's wage and tax reporting process. More information about the APA is available at <http://www.americanpayroll.org>. **APA**

The above article from the American Payroll Association appeared in the Spring 2004 edition of the SSA/IRS Reporter. It was reprinted with permission from the American Payroll Association.



\$\$\$ REMINDER \$\$\$
When sending a payment to the
Internal Revenue Service,
make the check payable to the
"United States Treasury."

Federal Tax Calendar for Fourth Quarter 2004

October 2004

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6 * Make a deposit for 9/29-10/1	7	8 * Make a deposit for 10/2-10/5	9
10	11	12 Employees report September tip income to employers if greater than \$20	13	14 * Make a deposit for 10/6-10/8	15 * Make a deposit for 10/9-10/12 ** Make a deposit for September if under the monthly deposit rule	16
17	18	19	20 * Make a deposit for 10/13-10/15	21	22 * Make a deposit for 10/16-10/19	23
24	25	26	27 * Make a deposit for 10/20-10/22	28	29 * Make a deposit for 10/23-10/26	30
31						

November 2004

SUN	MON	TUE	WED	THU	FRI	SAT
	1 Deposit Federal Un- employment Tax through September if greater than \$100	2	3 * Make a deposit for 10/27-10/29	4	5 * Make a deposit for 10/30-11/2	6
7	8	9	10 *Make a deposit for 11/3-11/5 Employees report October tip income to employers if greater than \$20	11	12	13
14	15 * Make a deposit for 11/6-11/9 ** Make a deposit for October if under the monthly deposit rule	16	17 * Make a deposit for 11/10-11/12	18	19 * Make a deposit for 11/13-11/16	20
21	22	23	24 * Make a deposit for 11/17-11/19	25	26	27
28	29 * Make a deposit for 11/20-11/23	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 2004

SUN	MON	TUE	WED	THU	FRI	SAT
			1 * Make a deposit for 11/24-11/26	2	3 * Make a deposit for 11/27-11/30	4
5	6	7	8 * Make a deposit for 12/1-12/3	9	10 * Make a deposit for 12/4-12/7 Employees report November tip income to employers if greater than \$20	11
12	13	14	15 * Make a deposit for 12/8-12/10 ** Make a deposit for November if under the monthly deposit rule	16	17 * Make a deposit for 12/11-12/14	18
19	20	21	22 * Make a deposit for 12/15-12/17	23	24	25
26	27 * Make a deposit for 12/18-12/21	28	29 * Make a deposit for 12/22-12/24	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.

NOTE: Deposits made through EFTPS are due one day prior to the dates listed.

Return Filing Dates

November 1st

File Form 941 for the third quarter of 2004 (if tax is deposited in full and on time, file by November 10th).
File Form 730 and pay the tax on applicable wagers accepted during September.

November 30th

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

January 3rd, 2005

File Form 730 and pay the tax on applicable wagers accepted during November.