

Common Compliance Problems Identified through Compliance Checks

1. Amounts on Forms W-2, W-3, and 941 don't reconcile.
2. Forms W-9 and W-4 are not being used, or are not being updated when necessary.
3. Unaware of requirement to backup withhold if no TIN provided prior to payment.
4. Form 1099 problems
 - The forms were not prepared at all.
 - The forms were prepared incorrectly (amounts in the wrong box, etc.).
 - The forms were prepared but not submitted to IRS.
5. Employment tax return filing/deposit problems
 - Deposits were made but no return was filed.
 - Deposits were made to incorrect period.
6. Payments to tribal members (committee members, gaming and non-gaming per capita) not reported on information returns, reported on the wrong information return, required withholding not done, or withholding done incorrectly.
7. Noncompliance with Revenue Ruling 59-354 - Tribal council members' pay being handled incorrectly and reported on a Form 1099 instead of a Form W-2, or being reported on a Form W-2 with FICA, Medicare and income tax withheld.
8. Incorrect filing requirements for the entity, or there are other tribal entities that were not identified to the IRS as belonging to the tribe.
9. Unaware of magnetic media filing requirement, and unaware of FIRE system (Filing Information Returns Electronically).
10. FUTA – tribes still making tax deposits and/or filing Forms 940 when they are not required to pay FUTA because they participate in State unemployment.