



Message from the Director

All of us are faced with increasing burden in our jobs and in our lives. Just when we are certain we cannot absorb any more complexities in our work responsibilities, a new rule is issued, an existing procedure is complicated, or a new law changes the paradigm under which we have operated.

In response to this problem, the IRS created the office of Taxpayer Burden Reduction. This function seeks methods to streamline procedures in order to assist taxpayers in meeting their federal tax obligations by finding methods to reduce the time required to comply, decrease the number of forms or line items to be completed, or simplify letters and instructions. The creation of Form 944, the Employer's ANNUAL Federal Tax Return, resulted from work performed by the office of Taxpayer Burden Reduction. Although the number of tribal entities eligible to file this annual form is very small, the number of entities that benefit on a national basis is significant.

The office of Taxpayer Burden Reduction recently announced the overhaul of the process for correcting errors on Employment Tax returns, a problem commonly faced by tribal entities. The new process, which is scheduled to be effective on January 1, 2009 is outlined on pages 2 and 3 of this newsletter. However, as with all new procedures, I encourage tribes to contact their designated ITG Specialist if they encounter a need to avail themselves of the new correction procedures, or if they have any questions about the process.

Speaking of change, three long-time ITG Specialists have opted to make a major change in their lives by electing to retire after many years of devoted government service. My appreciation to Bill Barker from the Spokane office, Rick Ziton from the St. Paul office, and Emily Williamson from the San Diego office. As with all departures, we have reassigned the primary ITG contacts for tribes who dealt with these three individuals. An updated listing is always available on our web site under the "Contacting ITG" link on the left side of the landing page at www.irs.gov/tribes.

Christie Jacobs



....Form 941X
will reduce
burden....

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Form 941X to Debut

The IRS Office of Taxpayer Burden Reduction (TBR) initiated the Adjusted Employment Tax Returns (Forms 94X) Project to reduce burden associated with correcting information previously reported on various types of employment tax returns. Currently, employers and payers use one form – Form 941c, Supporting Statement to Correct Information – to correct the amounts they previously reported on Forms 941, 943, 944, and 945. Form 941c is not a stand-alone tax return. Presently, filers must attach Form 941c to their current employment tax return when making adjustments, or to Form 843 when claiming a refund of overpaid employment taxes.

Form 941c is complex and does not correspond directly to any employment tax return. Consequently, taxpayers often make mistakes completing and filing it, resulting in processing errors and delays. Additionally, because the taxpayer files Form 941c with the current employment tax return when making an adjustment, the IRS adjusts the tax for the current tax period but adjusts the wages for the calendar year being corrected. This makes it difficult for employers and the IRS to track taxpayers' account activity.

Commencing on January 1, 2009, a new set of dual-purpose forms for adjustments and refunds will reduce burden for employers, payers and the IRS. The IRS, with stakeholder input, is making the new forms as user-friendly as possible and implementing more accurate procedures for adjustments and refunds of employment taxes.

- **Forms:** Each stand-alone form will correspond to, and relate line-by-line with, the employment tax return it is correcting. For example, an employer who discovers an underpayment or overpayment error on a previously filed Form 941 will use Form 941X to make a correction. Since the Form 941X is a stand-alone form, the employer will be able to file Form 941X when an error is discovered, rather than having to wait to file it at the end of the quarter with the next employment tax return. The new forms being developed will correspond with Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; Form 944, Employer's ANNUAL Federal Tax Return; Form 945, Annual Return of Withheld Federal Income Tax and Form CT-1, Employer's Annual Railroad Retirement Tax Return. Spanish versions of the new forms are being developed for Forms 941-PR, 944-PR, and 944 (SP).

The IRS will also revise Form 941 and other employment tax returns for the 2009 tax year to eliminate prior period adjustment lines no longer needed after the implementation of the new forms. Note: Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, is not being revised. Employers can continue to use Form 940 to file amended returns.

- **Process:** Under the proposed regulations, Form 941X will be used to make adjustments and claim refunds. If an employer is correcting an overpayment for a Form 941, the employer will be able to either make an adjustment or claim a refund. If an adjustment is made the amount of the overpayment will be applied as a credit to the quarter in which the Form 941X is filed. Employers correcting underpayments of employment taxes that result in a balance due, can pay using EFTPS, credit card, or send a check along with Form 941X. The IRS will make both the tax and wage corrections to the actual tax period being corrected, resulting in a more accurate record.

As these new procedures are enacted, and/or you encounter the need to utilize them, we strongly encourage you to contact your designated ITG Specialist with any questions you may have.

FREQUENTLY ASKED QUESTIONS

Q. When I send in a Form 94X, do I need to attach it to anything, such as a copy of the form I filed originally?

A. No, the new forms are stand-alone forms. You should not attach them to anything.

Q. When should I file a Form 94X?

A. Complete and file the form as soon as you discover you need to adjust a previously filed employment tax return.

Q. Should I discontinue using Form 941c, *Supporting Statement to Correct Information*, to make corrections?

A. Yes, for errors discovered after Dec. 31, 2008, use the new form that corresponds to the employment tax return you are correcting.

Q. When are the new forms in the 94X series available?

A. The new forms are available starting January 2009.

Q. How will I know whether to make an adjustment or claim a refund?

A. If you have an overpayment of tax, you have two choices. Either request an adjustment and have the amount credited to the tax period in which the adjustment form is filed, or claim a refund of the amount you overpaid.

Q. What if I need to correct a previously filed Form 941 but I now file Form 944?

A. Use the adjustment form that corresponds to the return you are correcting—in this case, Form 941X because you filed a Form 941 in 2008. If you have an overpayment and request an adjustment, any credit will be applied to the tax period in which you filed the

Form 941X. For example, if you file Form 941X in 2009 and your filing requirement in 2009 is Form 944, the credit will be applied to your 2009 Form 944 account.

Q. What if my correction to the original return results in additional tax?

A. If you owe additional tax as a result of a correction, you should pay with the Form 94X. You can pay via EFTPS or check. Credit card payments will also be accepted for Forms 941X, 943X and 945X.

Q. Where can I get the new forms?

A. You can download the forms starting in January 2009 from www.irs.gov or call 800-829-3676 to request copies by mail.

Q. How can I reach the IRS if I have questions?

A. Answers to most questions are in the forms' instructions and on IRS.gov. Visit www.irs.gov/smallbiz for small business tax information, or call the Business and Specialty help line at 800-829-4933 to speak with an IRS representative.

The Adjusted Employment Tax Forms Project is an IRS initiative led by the Office of Taxpayer Burden Reduction.

For more information, visit www.irs.gov, Search TBR.

WWW.IRS.GOV



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4876 (3-2008)
Catalog Number 814680

INTERNAL REVENUE SERVICE

Office of Taxpayer
Burden Reduction

EMPLOYMENT TAX
ADJUSTMENT

OR

CLAIM FOR REFUND
(FORMS 94X)



Internal
Revenue
Service

OFFICE OF TAXPAYER BURDEN REDUCTION

MAKING CORRECTIONS TO EMPLOYMENT TAX RETURNS 2009 AND BEYOND

NEW! Employment tax returns now have corresponding forms for making corrections

Beginning Jan. 1, 2009, when you need to correct a previously filed employment tax return, use its corresponding form to make the change. The new 94X series of forms makes changes easy and accurate for employers and payers.

| THE NEW 94X SERIES | |
|---|---|
| Correct the return you previously filed... | ...using its corresponding 94X series form |
| Form 941, Employer's QUARTERLY Federal Tax Return | Form 941X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund |
| Form 943, Employer's Annual Federal Tax Return for Agricultural Employees | Form 943X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund |
| Form 944, Employer's ANNUAL Federal Tax Return | Form 944X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund |
| Form 945, Annual Return of Withheld Federal Income Tax | Form 945X, Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund |
| Form CT-1, Employer's Annual Railroad Retirement Tax Return | Form CT-1X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund |

A simpler process reduces taxpayer burden

- **Timelier filing:** Employers and payers will file the appropriate form when they discover an error instead of waiting to file it with the next employment tax return. The new forms and process apply to errors discovered after Dec. 31, 2008.
- **Easier completion:** The new forms replace Form 941c, *Supporting Statement to Correct Information*, and each relates line by line to the employment tax return being corrected.
- **More accurate tax accounts:** The IRS will make both the wage and tax corrections to the tax period in which the error occurred.
- **One form with a dual purpose:** The new 94X series is for making adjustments or claiming refunds. Employers will no longer use Form 843, *Claim for Refund and Request for Abatement*, to claim a refund for overpaid employment taxes.



Update on Customer Satisfaction Survey

Our appreciation to all those who participated in our annual Customer Satisfaction Survey. We had a record number of responses, which helps increase the validity of the data provided.

We are still in the process of tabulating the information, and will be issuing a report during the current quarter, which will be posted to our web site at www.irs.gov/tribes. In addition, we will convene a task force of ITG employees to review the feedback and determine what changes we can make to better meet the needs of our tribal customers. We will also share that information on our web site when it is available.

Consultation Listening Meetings for FY 2009

October marks the start of the new fiscal year for the federal government. Each fiscal year, ITG holds up to four Consultation Listening meeting across the country, and invites tribal leaders and representatives to dialogue with us on key federal tax issues of concern.

During the upcoming year we plan to hold meetings in December in Anchorage, in early February in Washington D.C. (in conjunction with the United South and Eastern Tribes), in the spring in Albuquerque, and in the summer in Tulsa. As we get closer to the date of each meeting, we will post a notice as the headline on our Internet landing page, issue an invitation letter to tribal leaders in the area of the meeting, and issue a Special Edition of ITG News in that area.

The Anchorage meeting will be held on December 4th at the Westmark Hotel. We hope that many individuals attending the BIA Providers Conference that week will be able to find time to attend.

All of the meetings are open to anyone, and we encourage attendance by all interested parties. Meetings held over the past three years have led to meaningful changes in IRS procedures, and also have allowed us to forward tribal concerns to other IRS functions and other federal agencies.

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 "Self Assess Tribal 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.



FinCEN Issues Guidance on Recognizing Suspicious Activity

On August 1, 2008, the Financial Crimes Enforcement Network (FinCEN) issued guidance via FIN-2008-G007. This guidance is intended to assist casinos and card clubs with the reporting of suspected money laundering, terrorist financing and related financial crimes. This guidance contains examples of circumstances or "red flags" - based on actual reports, the observations of examiners and the experience of law enforcement - that may indicate the presence of money laundering, terrorist financing, and related financial crimes.

The four page document can be accessed on-line at www.fincen.gov . You can also obtain a copy by contacting your designated ITG Specialist.

Questions or comments regarding the contents of the guidance should be addressed to the FinCEN Regulatory Helpline at 800-949-2732.



Inter-Tribal Council of Nevada, Inc. 43th Annual Convention November 17- 20, 2008 John Ascuaga's Nugget Sparks, Nevada

The Internal Revenue Service's Office of Indian Tribal Government (ITG) will be presenting a workshop entitled "Tribal Governments Federal Tax Requirements – How ITG Can Help" for anyone that may be interested in attending.

We invite you to attend our workshop that will be held on November 19th from 1:00 p.m. to 3:00 p.m.

If you have any questions, please give your Nevada Indian Tribal Government Specialist a call:

Julie North: (916) 974-5578
James Rivers: (619) 744-7167

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



Surveillance and Title 31

One of the best tools that a Casino has is their surveillance department and program. It is the eyes of the Casino and when utilized to it's fullest, a guardian in protecting the Casino and Tribal assets. There are numerous systems/programs out there and the one that is chosen should meet the requirements for the property where it will be used.

When using this system/program the department should be sure to include it in the Casino's BSA Title 31 program as it is an invaluable tool in identifying person(s) that are trying to avoid the BSA filing requirements.

This article is not intended to identify which program/system is best, but will discuss how it can be of importance with the Casino's Title 31 program under Suspicious Activity Reporting by Casinos.

When patrons come into the Casino they know or should be aware that they are being monitored while there. Whether it is the patron or Casino staff they will be under surveillance once they enter until the time they leave. When Casino management offers a Title 31 presentation, the Casino should take steps to ensure that all departments are included. Especially security and surveillance departments.

The surveillance department should work in concert with the Casino floor and other restricted areas in checking for inappropriate or suspicious activities. This becomes paramount when there is suspicious activity on the casino floor that needs to be addressed and persons identified. The surveillance department, through the use of surveillance systems in place, can be on the lookout for patrons that are structuring gaming activities, money laundering, getting others to report jackpots, not withstanding criminal activities such as the use of slot devices. The department can track suspicious parties throughout the Casino including the outside areas, where there is surveillance coverage to identify individuals, their vehicle and license plate numbers, or other related parties to suspicious activities. This information can be reported on the Suspicious Activity Report (FinCEN Form 102) with the attached recordings as back-up information. Floor personnel who believe that there is a suspicious activity should be able to notify the surveillance department (within their Casino policies and procedures) in an attempt to identify the party or parties involved in the suspicious activity that they are engaged.

Continued on page 7...

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.



Continued from page 6...

There was a surveillance video that was used to catch and convict a money laundering group using Atlantic City casinos for their money laundering scheme. A group of individuals entered Casinos and separated out to different areas of the casino and would use the slot machines to launder the money, in this case small dollars placed into the casino with little or no gaming, then cash out the ticket at one of the cashier cages in the casino. The casino surveillance department was able to track these individuals and follow-up with appropriate actions.

The surveillance department is the eyes of the Casino and it does not discriminate. This department has a very dedicated staff that keeps tabs on the casino gaming floor and other vital and restricted areas. For the Casino staff and management: use this tool (within your policies and procedures). Surveillance staff: become involved with the Title 31 program at your Casino property and learn what the requirements are for Title 31 programs so that you know why you are being asked or requested to track a certain type of activity. If the Casino has a Title 31 compliance officer, be sure to have the surveillance department included in the compliance program and the same for the surveillance department to have a compliance program to compliment the Casino's. While some surveillance departments are under the guidance of the Casino and some under the Tribe's gaming commission, they should be included in the overall T-31 Program especially Suspicious Activities.

When the Casino management staff and the surveillance staff work together for a common goal, they can protect the Casino's valuable assets!

We want to inform you that one of our ITG Specialists, Emily Williamson, retired on September 3, 2008. She worked for IRS for over 33 years as a Revenue Officer, instructor, manager, and finished her career as an Indian Tribal Government Specialist. She has been a great asset to ITG, and we will miss her greatly.





Tax News For You!

Individual Tribal Member Information

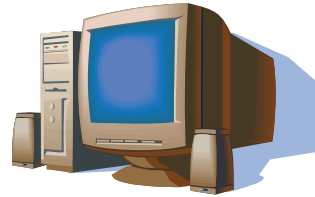
Possible Taxable Income to Tribal Members

Some assistance to Tribal Members could be taxable and should be included in 1099-MISC. The following are examples of, but not limited to, situations that could be taxable and includible items to taxable distributions:

- The tribe provided Tribal Members with personal housing and utilities, and maintenance assistance
- The tribe paid on behalf of Tribal Members their personal expenses either in cash, cash equivalent or by voucher
- The tribe provided Tribal Members with payments for **personal** activities
- The tribe provided down payment assistance to Tribal Members
- The tribe provided Tribal Members with non-HUD rental assistance

These situations are very dependent on the specific facts and circumstances surrounding the payments. Factors such as the financial need of the recipients, the presence of per capita payments, the purpose of the program and others all come into play when determining the possible taxability of these payments.

You are urged to contact your ITG Specialist to discuss these and similar programs.



Mileage Rates Increased

In response to the recent gasoline price increases, the IRS and Treasury Department announced an increase in the optional standard mileage rates for the final six months of 2008. The rate is increased to 58.5 cents a mile for all business miles driven from July 1, 2008 through December 31, 2008. This is an increase of 8 cents a mile from the 50.5 cent rate in effect for the first six months of 2008, as set forth in Revenue Procedure 2007-70.

Federal Tax Calendar for Fourth Quarter 2008

October 2008

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

File Form 730 for wages received during September

File Form 941 the 3rd calendar quarter of 2008

November 2008

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

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.



December 2008

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

Form 730 for wagers
received during
October

File Form 730 for
wagers received
during November

* = 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

October 31st

- > File Form 941 for the 3rd quarter of 2008. If all deposits were paid on time and in full, file by November 10th.
- > File Form 730 and pay the tax on applicable wagers accepted during September.

December 1st

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

December 31st

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