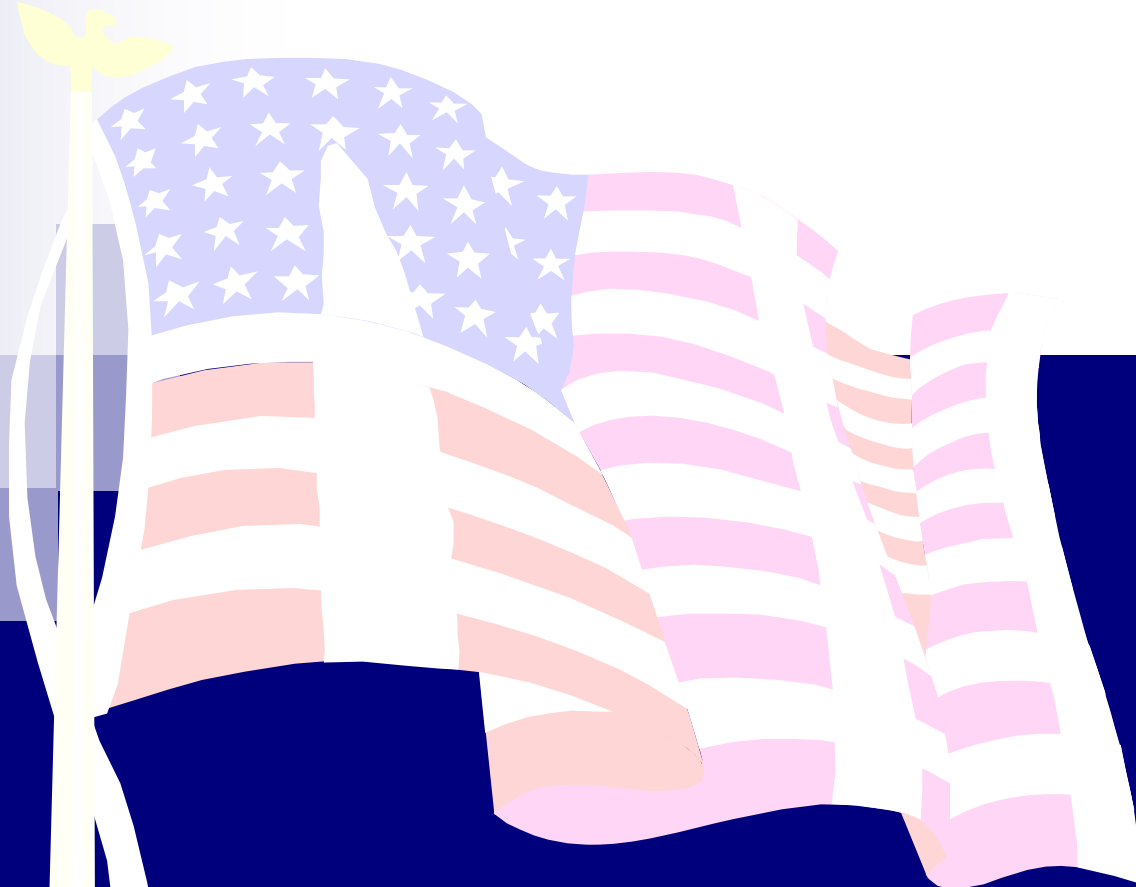




Welcome

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Federal State & Local Governments (FSLG)

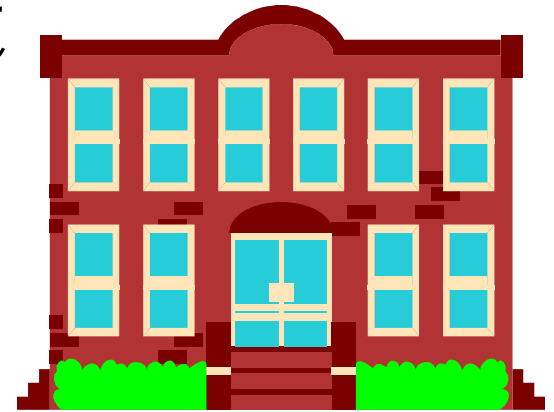
Federal, State, Local Government



State Agencies



Federal Agencies



County Governments



**Municipal
Governments**



School Districts



FSLG

MISSION STATEMENT

Provide Federal, State, Local, and Quasi-Government customers top quality service by helping them to *understand and comply* with the applicable tax laws and to protect the *public interest* by applying the tax laws with *integrity and fairness* to all.



FSLG

Historical Overview

- 1951 Section 218 of the Social Security Act Allowed State and Local Governments to participate in Social Security
- 1987 IRS Started Collecting FICA from State and Local Governments



FSLG

Historical Overview

- 1997 the 218 Initiative was implemented nationwide
- No significant resources have ever been devoted to Federal Agencies or Quasi-Government Entities Compliance



FSLG Business Plan

- Identify Customer Needs
- Develop Partnerships and Coalitions
- Design Customized Products and Services
- Outreach & Enforcement Activity to Gain Compliance

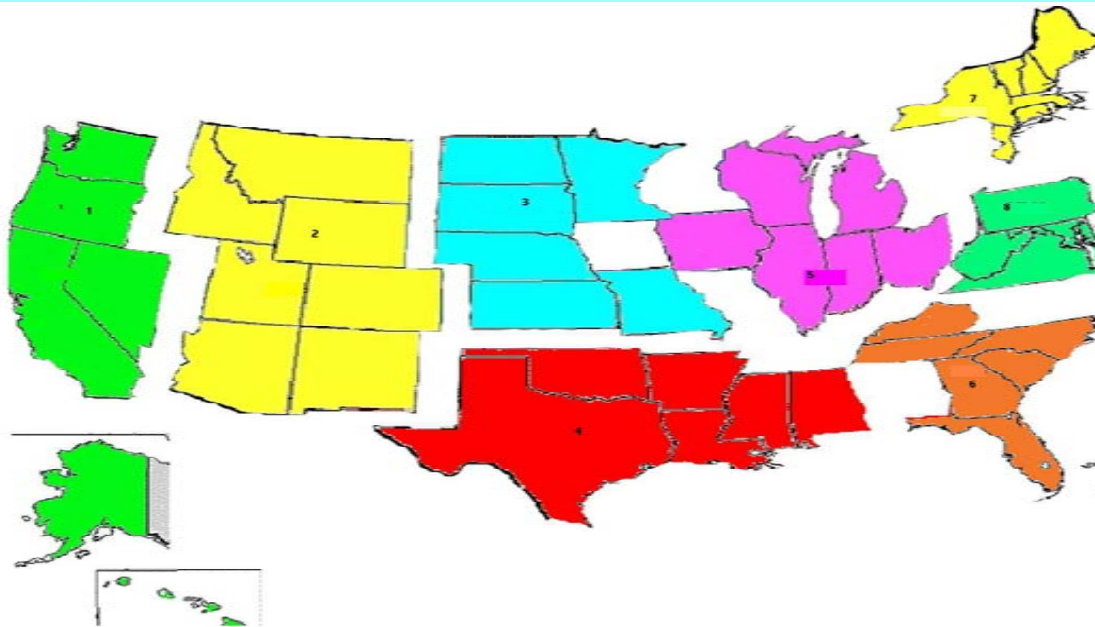


FSLG

Field Operations

- FSLG Group (Area) Managers
 - 8 Areas (Groups)
 - 10-12 FSLG Specialists Per Group
- FSLG Specialists
 - About 80 FSLG Specialists Nationwide
 - Each State has at least one Specialist assigned to it

FEDERAL, STATE AND LOCAL GOVERNMENTS



Education & Outreach

- Compliance for W-2 and 1099 Returns
- Federal Return Filings
- Fringe Benefits
- Worker Classification



EDUCATION AND OUTREACH

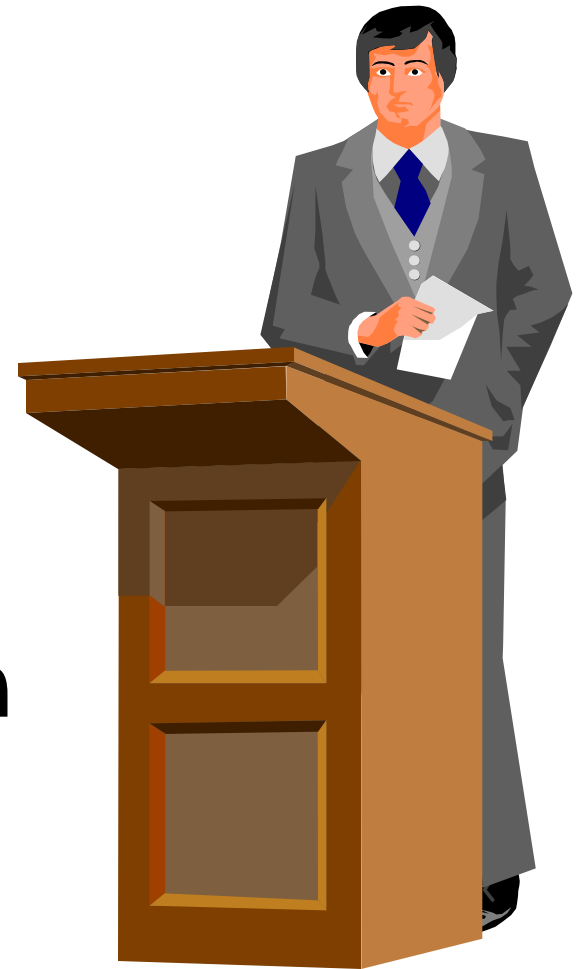
■ METHODS:

- SEMINARS
- CONFERENCES
- VENDOR BOOTHS
- TELEPHONE INQUIRIES
- CORRESPONDENCE
- ARTICLES



SEMINARS

- Check the Web**
- Contact Groups**
- Letters of Introduction**



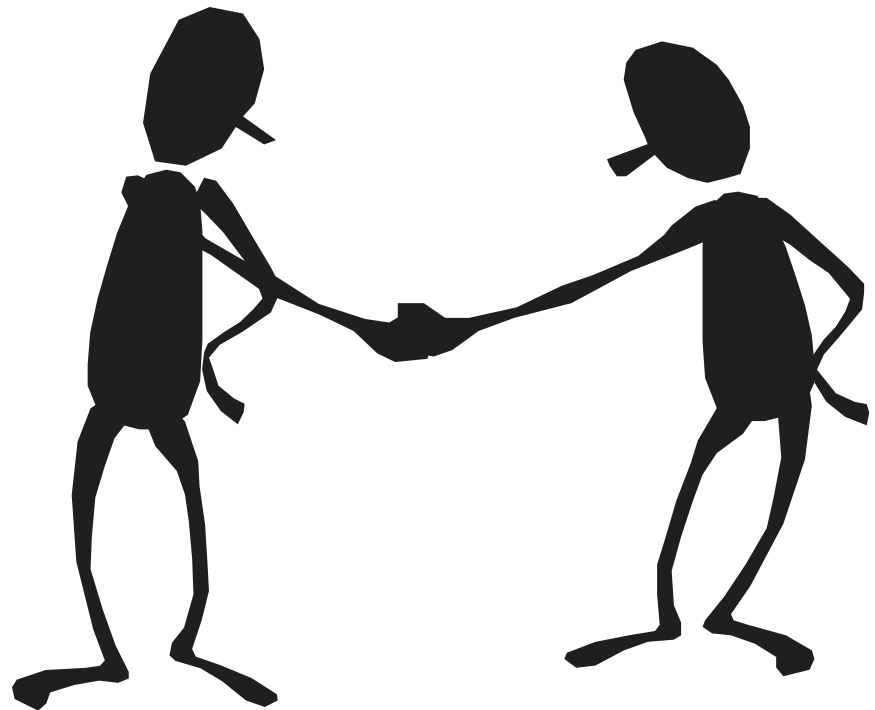
CONFERENCES AND VENDOR BOOTHS

- Reaches Hundreds**
- Meet our customers**



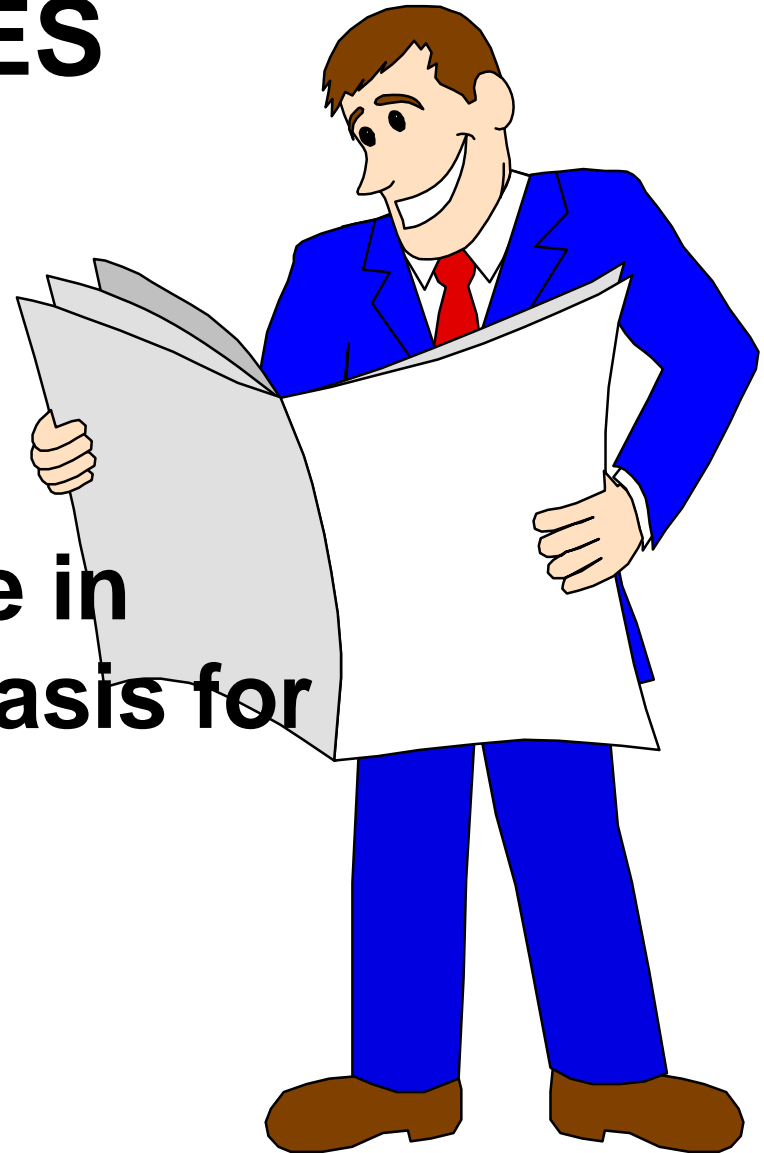
TELEPHONE INQUIRIES AND CORRESPONDENCE

- **Provide one on one assistance**



ARTICLES

- We can offer expertise in certain areas of emphasis for your publication.**





How Do We Work With Taxpayers?

- Compliance Checks

Contact with the customer that involves a review of filed information and tax returns of the entity

- Examinations

The systematic inspection of the books and records of a taxpayer for the purpose of making a determination of the correct tax liability

You Have Been Selected For a FSLG Examination!

- Letter & Contact
- F4564 #1: Books & Records
- Site Visit, Tour & Interviews
- Review
- Analysis
- Investigation
- Additional Requests for Information F4564 #2 - ?.
- Research
- Proposed Adjustments



IRS Seeks the *Correct* Tax

- **The process of selecting a return for examination usually begins in one of two ways.**
 - **One way is to use computer programs to identify returns that may have incorrect amounts.**
 - such as Forms 1099 or W-2,
 - on studies of past examination
 - other special projects.

 - **Another way is to use compliance projects**
 - newspapers, public records, and individuals.
 - If the information is accurate and reliable, we may use it to select a return for examination.



How Can You Prepare?

■ Self-Assessment Compliance Tool

www.irs.gov/pub/irs-tege/compliance_tool_fslg.pdf

- designed to help public employers identify areas that indicate potential compliance issues
- intended to be completed by the persons responsible for withholding and paying employment taxes

Compliance Categories: The self-assessment tool consists of the following seven categories:

- Social Security (Section 218 Agreement and Mandatory Social Security)
- Medicare
- Retirement Plan Coverage
- Worker Classification: Employee versus Independent Contractor
- Fringe Benefits
- International Issues
- Other Tax Issues: Information Returns, Independent Contractor Vendors, Payments, Back-up Withholding, and Timely Filing of Returns

The following Federal tax information is available from the FSLG website: www.irs.gov/govt/fslg.

■ Publications:

- 963, Federal-State Reference Guide
- 1779, Independent Contractor or Employee
- 15, Employers Tax Guide
- 15-A, Employer's Supplemental Tax Guide
- 15-B, Employer's Guide to Fringe Benefits

■ Guides:

- Quick Reference Guide for Public Employers
- Taxable Fringe Benefit Guide
- Retirement Plans for Government Employers
- Governmental Plans Information



IRS Publication 3498

“The Examination Process”

You have the right to fair, professional, prompt, and courteous service from IRS employees, as outlined in the Declaration of Taxpayer Rights

We must follow tax rules set forth by Congress in the IRC.

We also follow Treasury Regs, court decisions, and other written rules and procedures for tax law administration



You Have Rights

- Read the Declaration of Taxpayer Rights
- The Privacy Act Statement
- You May Use an Attorney or other POA
- You May Ask Us To Reconsider
- Appeal Rights



Reporting Results

We accept your return as filed, you will receive a letter stating that the examiner proposed no changes to your return.

You should keep this letter with your tax records

If we don't accept your return as filed we will explain any proposed changes to you and your authorized representative.

It is important that you understand the reasons for any proposed changes; don't hesitate to ask about anything that is unclear to you.

Examination Results If You Agree

- Sign an agreement & Pay any additional tax you owe.
- Pay interest and penalties on any additional balance.
- If you pay when you sign the agreement, interest is generally from the due date of your return to the date of your payment
- If you do not pay you receive a bill with penalties/interest.

Assessments less than \$100,000 and you pay within 21 business days, IRS does not charge more interest or penalties.

- *\$100,000 or more, and you pay in 10 calendar days no more interest/penalties will be charged.*
- If you can't pay at the end of the audit, pay whatever you can and request an installment agreement
- If you are entitled to a refund, you receive it sooner when you sign the agreement after the audit.
- You receive interest on refunds.

Examination Results If You Do Not Agree

- The examiner will explain your appeal rights
- You may enter into an *Agreement to Mediate* to help resolve disputes through Fast Track Mediation services
- the examiner will prepare a report explaining your position and ours.
- The examiner will forward your case to the Area office for processing
- You receive a letter that generally gives you 30 days to tell us whether you will accept the proposed changes or appeal them.
- You will receive a copy of the examiner's report explaining the proposed changes, and An agreement or waiver form.
- If you do not respond to the 30- day letter, or if you respond but do not reach an agreement with an appeals officer, we send you a 90-day letter, also known as a *Notice of Deficiency*.
- You will have 90 days to file a petition with the Tax Court.
- If you do not petition the Tax Court you will receive a bill for the amount due.



Appeals

- Most differences are settled within this system without going to court.
- Your reasons must come within the scope of tax laws not based only on moral, religious, political, constitutional, conscientious, or similar grounds.
- If you do not want to appeal within the IRS, you may take your case directly to tax court.



Fast Track Mediation

- Publication 3605, *Fast Track Mediation-A Process for Prompt Resolution of Tax Issues*
- offers an expedited process with a trained mediator to help reach a mutually satisfactory resolution that is consistent with the applicable law.
- The mediator has no authority to require either party to accept any resolution. You may withdraw from the mediation process anytime.



Payment Options

- Check
- EFTPS (Electronic Federal Tax Payment System)
- Installment Agreement
- Offer-In-Compromise
- It is important that you contact us regarding any correspondence you receive from us.