# Let’s Talk Taxes!: 2022 Opportunities and Tribal Income Overview

# The BIG Disclaimer(s)

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- **Nothing in this presentation should be construed as specific advice about your individual tax situation.**
- The intersection of tribal governance and tax law is complex and is not my specialty.
- When in doubt, contact your tribal government, the IRS, and/or a financial professional.

# Tax Season 2022: Changes, Confusion, and Opportunities

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- Big changes for tax year 2021 (largely to aid in pandemic recovery). May be worth filing even if you don't have to!

- Child Tax Credit
  - Expanded and made fully refundable
  - Advance payments
  - How to claim (the rest)

- Earned Income Tax Credit
  - Expanded to more people without dependents and older people

- Child and Dependent Care Tax Credit
  - Expanded and made fully refundable

# Tribal Income: General Principles

- It is impossible to cover every situation and potential source of income in this presentation.
- I may not know the answer to your specific question. This is new to me!
- I will try to point you in the right direction and provide the terminology you can use to ask the right questions.
- Generally speaking, taxable tribal distributions would be reported to you (and to the IRS) on a **Form 1099-MISC**.

# 1099-MISC (Miscellaneous Information)

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9595 ☐ VOID ☐ CORRECTED

| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | 1 Rents $ | OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20 ___ | Miscellaneous Information |
|---|---|---|---|
| | 2 Royalties $ | | |
| | 3 Other income $ | 4 Federal income tax withheld $ | Copy A For Internal Revenue Service Center |
| PAYER'S TIN / RECIPIENT'S TIN | 5 Fishing boat proceeds $ | 6 Medical and health care payments $ | File with Form 1096. |
| RECIPIENT'S name | 7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐ | 8 Substitute payments in lieu of dividends or interest $ | For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns. |
| Street address (including apt. no.) | 9 Crop insurance proceeds $ | 10 Gross proceeds paid to an attorney $ | |
| City or town, state or province, country, and ZIP or foreign postal code | 11 Fish purchased for resale $ | 12 Section 409A deferrals $ | |
| 13 FATCA filing requirement ☐ | 14 Excess golden parachute payments $ | 15 Nonqualified deferred compensation $ | |
| Account number (see instructions) / 2nd TIN not. ☐ | 16 State tax withheld $ | 17 State/Payer's state no. | 18 State income $ |

Form 1099-MISC (Rev. 1-2022) Cat. No. 14425J www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

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# Tribal Income: COVID-19 Relief

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- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and American Rescue Plan Act (ARPA).
- Generally speaking, per IRS guidance, funds that tribes paid to members using these funding sources are **NOT** taxable and do not need to be reported on the federal tax return.
- If you received a 1099-MISC for money you believe to have been related to COVID relief, contact your tribal government for more information.
- See bit.ly/ARPACARES for more information from the IRS.

# Tribal Income: Per Capita Distributions

- Generally included in taxable income unless an exception applies.

- Excluded from taxable income per the Per Capita Act of 1983 **IF** the money is sourced from funds held in trust by the Department of the Interior (DOI) on behalf of federally recognized Indian tribes.

- Per capita distributions from trust accounts are taxable if they are mischaracterized compensation, business profits, or gaming revenues.

- If per capita distributions are taxable, you will likely (but not necessarily) receive a **1099-MISC.**
  - $600 threshold is not a reliable indicator of whether something is taxable.

- If you are unsure whether to include income in your tax return, contact your tribal government and ask if your per capita distribution should be included in taxable income.

# Other Links and Resources:

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- Draft FAQs for Payments by Indian Tribal Governments to their Individual Members Under COVID-Relief Legislation and Notice of Tribal Consultation: bit.ly/ARPACARES
- IRS FAQ regarding Per Capita Distributions: bit.ly/PerCapTax
- IRS FAQ regarding exceptions to income being taxable: bit.ly/TaxExceptions
- IRS Final Guidance (2015-67) on Per Capita Distributions of Funds Held in Trust by the Secretary of the Interior: bit.ly/PerCapFG
- IRS FAQ regarding Gaming Revenue: bit.ly/GamingRevenues
- Get Free Tax Prep Help!: www.taxhelpco.org or call 2-1-1
- Email me: nathan.davis@unitedwaydenver.org

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# Questions?