
An Agency Guide to Community Tax Issues

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State of Alaska

Sarah Palin, Governor

**Department of Commerce, Community, and Economic
Development**

Emil Notti, Commissioner

Division of Community & Regional Affairs

Tara Jollie, Director

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Introduction

This guide is meant to assist a capital funding agency to identify and work through the process of determining a community's federal tax payment status. The guide is not meant to be an all inclusive instruction manual on the complexities of the federal IRS system. It is simply designed to provide basic information about community tax requirements and help you identify any tax issues before investing in community capital projects. This guide is for federal taxes only and does not address the specifics of state taxes. As a funder, you need to be aware of state tax requirements for communities. For further information on state issues, please contact the Alaska Department of Labor and Workforce Development.

Frequently Asked Questions

Why should our agency check for tax problems?

If your agency funds or builds projects in rural Alaska, you need to know if there are any tax problems in the community with which you are working. Tax issues can easily threaten grant funds from various sources. If funds are compromised, the entire project could be jeopardized. The IRS can place liens and levy assets of the community. If the IRS places liens on the community's assets, your agency could lose the new infrastructure once the community becomes the legal owner of the infrastructure.

The community must demonstrate capacity for financial management and sustainability. If your agency is looking to invest in a community, there needs to be some level of assurance that the project being built will be sustainable in the community for the long term. If the community does not have the ability to appropriately manage infrastructure, it will deteriorate quickly and could become a liability.

Tax problems can be a symptom of a larger management problem within the community. Generally speaking, paying federal taxes should be a relatively easy process for communities to manage. If the community doesn't have the capacity to track the required tax information and make their payments, then there should be some significant scrutiny on the part on the project funder as to the community's ability to fiscally manage a new project. If the issue is a lack of revenue and not capacity, the same level of scrutiny should exist. If the community cannot fiscally support itself currently, what kind of impact will the project have on the community's future financial viability?

What federal taxes do communities have to pay?

In general, a community, as an employer, must pay employment taxes to the IRS. The Federal Insurance Contribution Act (FICA) requires that both the employer and the employee fund both Social Security and Medicare programs. In addition to federal income tax withholding, an employer has a duty to withhold from the employee's paycheck his or her share of Social Security and Medicare tax and then pay these funds to the IRS. The employer must also match this Social Security and Medicare portion dollar for dollar and pay these matching funds to the IRS. Cities and their employees do not have to pay the Social Security portion of FICA taxes if they were in another retirement program by July 1, 1991. In certain circumstances, if a city is currently in the Social Security program, they can opt out and join an approved retirement program. For all employees hired after March 31, 1986, all cities must pay and also withhold the Medicare tax portion of FICA from an employee's paycheck.

If the city is in the Social Security Retirement System, it must collect the FICA taxes from each employee, match the contribution, and pay these funds to the Internal Revenue Service. Employees' taxes are collected by withholding money from their paychecks. The employer is responsible for employees' taxes on all wages paid out, even if, through a mistake, the taxes are withheld or collected from an employee but not paid to the IRS. As an employer, the community is liable for Social Security and Medicare taxes and withheld income tax even if they do not deduct and withhold them. A city matches all employee contributions to the Social Security Retirement System. The amount due from employees and the employer is based on the total wages paid by the city.

Non-municipal employers must participate in the Social Security program and must pay the full portion of Social Security and Medicare taxes. Employers match employee contributions.

Under the FICA program, an employer must maintain employee records identifying:

- ✓ name
- ✓ address
- ✓ date of birth
- ✓ Social Security Number
- ✓ total amount and date of wages or salary payments
- ✓ period of work the payment covers
- ✓ amount of payment considered to be taxable wages
- ✓ amount of tax withheld or collected
- ✓ when and why an employee's services were terminated

The community is responsible for making sure:

- ✓ the appropriate withholdings are collected
- ✓ the employee's and employer's taxes are collected
- ✓ the taxes are reported using IRS form 941, or 941C
- ✓ the taxes are deposited correctly
- ✓ the Schedule B (Form 941) is included with the return (if required)

Unemployment tax is generally covered under the state Employment Security Contributions (ESC) program. However, if a tribal government is not current on their ESC payments they may be required to pay Federal Unemployment Tax Act (FUTA) contributions. This is the federal equivalent to the state ESC unemployment tax.

Besides the employment taxes discussed above, communities may also be subject to excise tax on fuel or communication services. Obligations for these taxes are dependent upon the type of services provided by the community such as retail fuel sales or telephone services.

How does a community make its tax payments?

There are several different ways that a community can make its tax payments. The Department of Commerce, Community and Economic Development (DCCED) recommends that communities pay the federal tax obligations when they issue their paychecks. These taxes are not paid directly to the IRS each payday. Rather, payments are made through a qualified bank.

There are two IRS deposit schedules: monthly or semiweekly. The IRS notifies the community annually whether it is a monthly or semiweekly depositor for the upcoming calendar year. The rules apply to Social Security and Medicare taxes and federal income tax withheld on wages, tips, and sick pay. The deposit schedule for a calendar year is determined from the total taxes reported on an employer's quarterly tax report (Form 941) using a four-quarter "lookback" period. If the community reported \$50,000 or less of employment taxes for the lookback period, it is a monthly depositor; if the community reported more than \$50,000, it is a semiweekly depositor.

- ✓ Under the monthly rule, employment and other taxes withheld on payroll made during a calendar month must be deposited by the 15th day of the following month.
- ✓ Under the semiweekly rule, employment and other taxes withheld on payroll made on Wednesday, Thursday, and/or Friday must be deposited by the following Wednesday. Meanwhile, if payroll was paid on a Saturday, Sunday, Monday, or Tuesday, deposits must be made by the following Friday.

The IRS encourages employers to use the Electronic Federal Tax Payment System (EFTPS). The electronic transfer system helps a community pay tax obligations quickly and efficiently via the Internet or telephone.

When and how do you check community tax status?

As a funder, you should verify the tax status of a community prior to any grant award for a capital project. However, you should not stop there. When you verify that a

community is current on its federal tax liabilities, you are looking at its tax status for a given day. As time passes and the project moves forward, the community's tax status should be periodically monitored. Periodic agency review of the community's federal tax status should be an integral part of any phased project.

Tax status should be checked in a logical sequence as the project develops. Possible time frames or project milestones may be used for verifying a community's tax status. These include the following:

- ✓ At the end of a planning phase
- ✓ Prior to issuing construction funds
- ✓ When changes occur in project scope or duration
- ✓ Six to eight weeks after regular fiscal quarters
- ✓ When any management problems are found
- ✓ At the end of project phases
- ✓ Prior to restarting construction after a delay or seasonal stoppage
- ✓ Two months into a new calendar year

Use the Authorization to Request Federal Tax Information form to check the federal tax payment status of a community.

What is the "Authorization to Request Federal Tax Information" form?

The Authorization to Request Federal Tax Information form (the form) is a document that has been developed jointly by the IRS and DCCED. It satisfies the information release requirements of IRS Form 8821 and allows the community to authorize someone else to see its tax information. The authorization is required because, as taxpayers, the community has the same privacy rights as an individual taxpayer. As a funding agency, you do not have the inherent right to see those confidential records. The community must give that right to you, as all tax information is confidential.

The intent of the form is to create a simple and quick way to get a snapshot of the community's federal tax filings. All the information is contained on one page. The completed form tells you if the community has paid its federal taxes and filed the necessary forms for the time periods you requested. The IRS will tell you whether a community is compliant with its federal taxes. If the community is not compliant with its taxes, the form tells you which documents or payments have not been received.

How do I use the form and what does it tell me?

There is a complete set of line item instructions included with the form. Please refer to the back of the form for specific use instructions.

After you complete the form and fax it to the IRS, you will get a faxed reply. There are two responses or results: compliant or non-compliant. If the IRS reply is checked

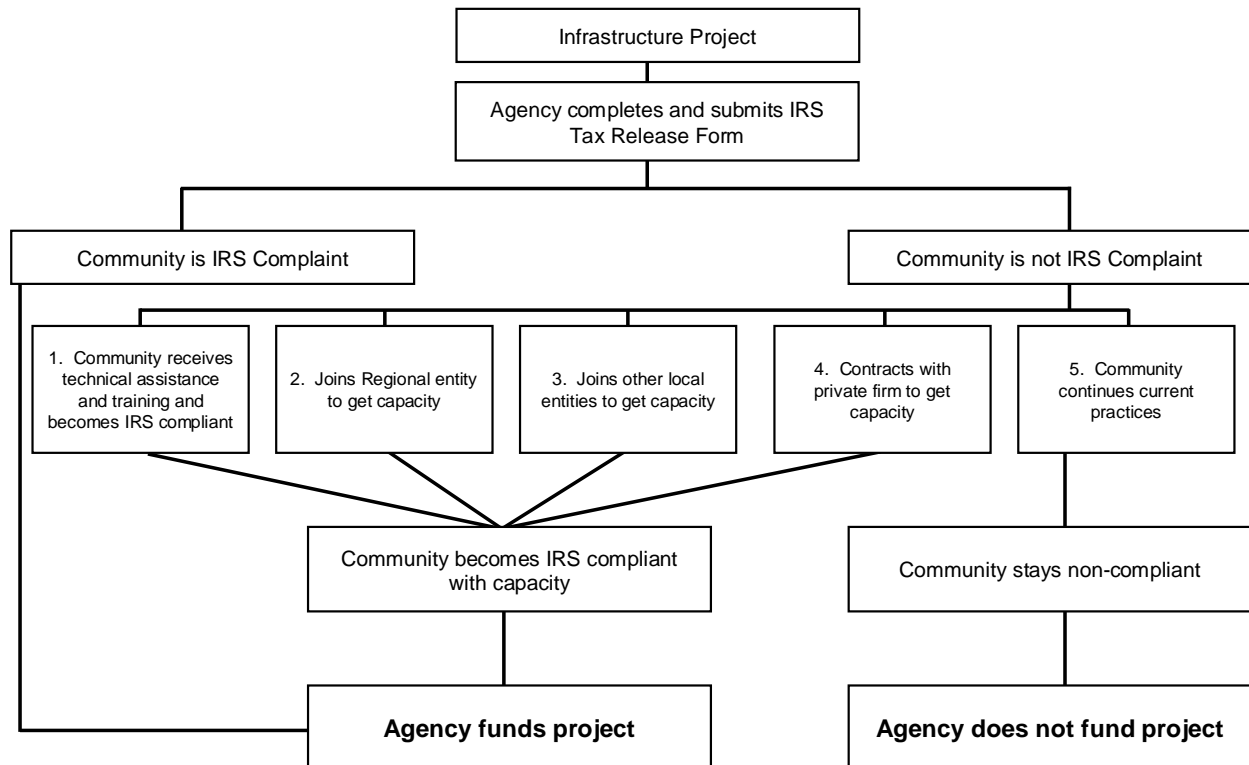
compliant, then the community has met its federal tax filing and payment requirements. If it comes back non-compliant, the form will show how much the community owes. The reply will include filing time periods and years, the location, time periods and amounts of any liens, and items that have not been filed with the IRS.

The form provides a picture of the community’s tax status on the day the information was requested. That is why periodic monitoring is recommended. It is possible the community is compliant today, but may have staff turnover in the future and quickly become non-compliant.

A tax problem exists in the community. Now what?

The form came back and showed the community is non-compliant with its federal tax requirements. Resources are available to help communities through these problems. The chart below illustrates options available to a community and agency working through tax or management issues during capital projects.

Community Tax Issue Flowchart



1. If the community chooses to receive technical assistance and training, there are several options. Assistance can be requested from the IRS, DCCED, or private contractors. The IRS can assist communities in learning the proper procedures in reporting and paying federal taxes. (See Appendix 5 for contact information.) DCCED offers technical assistance to communities through the Rural Utility Business Advisor (RUBA) Program for general and financial management. Private contractors can provide technical assistance on tax management.
2. Depending on the project and the community, a regional organization may provide a management safety net for communities. If several communities do not have the individual capacity to manage a specific utility, pooling resources into a regional entity may provide the capacity needed to manage the utility.
3. If there is no appropriate or logical regional entity, different organizations within the same community may pool resources and create capacity. Examples of this may be the village council and city council combining forces on a particular project or service, or a village corporation providing financial management for the project or utility.
4. The community may simply contract out a particular portion of its management functions. A good example of this would be a tax and payroll service calculating payroll, issuing checks and paying the taxes for the community. The community can retain a good deal of local control while ensuring that some very vital functions are being performed. The down side to this model is the cost to the community. A mentoring arrangement may be established where the outside firm handles the financial management and reporting, and also trains the community to eventually handle its own financial functions.
5. The last option of course is the community choosing not to address the tax problem. If this occurs, the granting agency is forced to decide whether to invest in a project in a community with current tax problems and the likelihood of continuing and worsening problems.

How does a community satisfy its tax liability?

Let's say a community has chosen a proactive path (from the list above) to resolve its tax liability. There are several ways a community can fix its tax problem. The community can enter into discussions with the IRS to establish payment arrangements. The IRS offers several types of payment arrangements.

An installment plan will take the amount of federal taxes owed and break it down into small monthly payments that the community can pay.

Another option for the community is to enter into an Offer In Compromise (OIC)*. An OIC allows a community to negotiate with the IRS to settle on a specific amount owed and a particular payment plan for the community. The IRS has the ability to negotiate

amounts owed by communities. If the community enters into an OIC, the community must stay current on all tax liabilities for five years. If the community does not remain compliant, the OIC will become null and void, and the IRS may take immediate action to recover the full amount of the debt owed by the community. The OIC is a great tool that allows the IRS and the community to come to a reasonable arrangement on back debt; however, the community must address the issues that put them in debt in the first place. If the community enters into an OIC without the capacity to accurately calculate and pay taxes, the OIC will fail and the IRS can seize community-owned assets.

*Although an OIC is an option, a community may have difficulty meeting the IRS criteria to qualify.

The tax liability is paid. Is the problem solved?

Tax problems are often a symptom of a larger problem. The process of calculating and paying federal taxes is relatively easy. If the community is not paying its taxes, you need to discover why it is non-compliant. Common reasons communities have tax problems are:

- ✓ Frequent staff turnover
- ✓ Employees who are not adequately trained or qualified (don't know how to pay taxes)
- ✓ Poor financial management causing cash flow shortages (no money to pay the taxes)
- ✓ Poor record keeping practices, resulting in incorrect tax calculations
- ✓ Inconsistent payments (paying taxes at different times and not on a set schedule)
- ✓ Fear of the IRS
- ✓ Pressure to pay other community liabilities first
- ✓ Poor budgeting
- ✓ Lack of managerial oversight by the council

After the community has sought help and entered into a payment agreement with the IRS, it is imperative that you look at the reasons why the community was initially non-compliant. Has it addressed not only the IRS debt but also the reason for the debt? Is the problem solved?

Resources

The community has some resources available to help work through any tax issues. The IRS has staff who specialize in local government and Indian tribal governmental tax matters. These IRS employees should be the community's first resource. When a community builds a positive working relationship with the IRS, it can often deal with small problems before they become major ones.

If the community has an ongoing issue with the IRS that has not been resolved through normal processes, or has suffered, or is about to suffer, a significant hardship as a result of the application of the tax laws, the community can contact the Taxpayer Advocate Service. (Appendix 4)

The Department of Commerce, Community, and Economic Development (DCCED) has the Rural Utility Business Advisor (RUBA) Program that provides technical assistance for local government management issues.

Appendices

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Appendix 1: Acronyms

CAF	Central Authorization File
DCCED	Department of Commerce, Community, and Economic Development
DCRA	Division of Community & Regional Affairs
DOL	Department of Labor and Workforce Development (State of Alaska)
EFTPS	Electronic Federal Tax Payment System
ESC	Employment Security Contribution (State of Alaska, Unemployment Tax)
FICA	Federal Insurance Contribution Act
FUTA	Federal Unemployment Tax Act
IRS	Internal Revenue Service
OIC	Offer in Compromise
RUBA	Rural Utility Business Advisor
SSA	Social Security Administration

Appendix 2: Terms and Definitions

Compliance: A taxpayer is in full compliance with federal filing requirements when all mandatory returns and payments have been received by the IRS. There are no unfiled returns and no balance is due. The following are some examples:

- ✓ Employment tax returns (Forms 940, 941, 945) have been filed and the tax fully paid.
- ✓ Information returns (Forms W-2, W-3, 1096, 1099) have been filed. The returns have been sent to the SSA or IRS, as applicable. There are no unfiled returns and no unpaid civil penalties.
- ✓ Excise tax return (Form 720 showing 3% communication tax when telephone services are provided and appropriate fuel tax when retail fuel sales are provided) has been filed and the tax fully paid.

Balance Due Accounts: By law, the IRS has the authority to collect outstanding federal taxes for ten years from the date the liability was established by the IRS. If a taxpayer does not pay the taxes owed and makes no effort to pay, the IRS can ask the taxpayer to take action to pay the taxes, such as sell or mortgage any assets or get a loan. If the taxpayer still makes no effort to pay the bill or to work out a payment plan, the IRS may take more serious action, such as levy the taxpayer's bank account, other income, or seize the taxpayer's assets.

Formal Payment Arrangements: Installment agreements allow the full payment of debt in smaller, more manageable amounts. Installment agreements generally require equal monthly payments. The amount of the installment payment is based on the amount the taxpayer owes and the ability to pay that amount within the time available to the IRS to collect the tax debt. To be eligible for an installment agreement, the taxpayer must file all required returns, and be current with federal tax deposits. A user fee is charged to set up an installment agreement.

An Offer in Compromise (OIC) may be accepted by the IRS to settle unpaid tax accounts for less than the full amount of the balance due. This applies to all taxes, including any interest, penalties, or additional amounts arising under the internal revenue laws. A user fee is charged for submitting an offer. To be considered for an OIC, the taxpayer must file all returns that are due and, if applicable, be current with all federal tax deposits for the last two quarters.

Taxpayers must agree to the future compliance provisions when offers are accepted. The taxpayer must timely file all tax returns and pay all taxes due during the compliance period. The compliance period is five years from the acceptance date or until the offer amount is paid in full, whichever is longer.

Federal Tax Lien: A Notice of Federal Tax Lien may be filed to secure the government's interest against other creditors. Liens give the IRS a legal claim to property as security for payment of the owner's tax debt. The federal tax lien arises when the IRS sends a bill for taxes owed and the taxpayer neglects or refuses to fully pay the debt within 10 days after the notice is sent.

By filing a Notice of Federal Tax Lien, the taxpayer's creditors are publicly notified that the IRS has a claim against all of the taxpayer's property, including property the taxpayer acquired after the lien was filed. The lien attaches to all property (such as vehicles, equipment, and buildings) and to all rights to property.

Release of the Notice of Federal Tax Lien: The IRS will issue a notice of release:

- ✓ If it is in the best interest of the government.
- ✓ Immediately after a taxpayer satisfies the tax due with a certified check or money order.
- ✓ Within 30 days after a taxpayer satisfies the tax due (including interest and other additions) by paying the debt or by having it adjusted.
- ✓ Within 30 days after the IRS accepts a bond that the taxpayer submits, guaranteeing payment of the debt.

Levy: A levy is a legal seizure of a taxpayer's property to satisfy a tax debt. Levies are different from liens. A lien is a claim used as security for the tax debt, while a levy actually takes the property to satisfy the tax debt.

If a taxpayer does not pay taxes due (or make arrangements to settle the debt), the IRS may seize and sell any type of real or personal property the taxpayer owns or has an interest in. For instance:

- ✓ The IRS could seize and sell property (such as equipment or a building), or
- ✓ The IRS could levy property that is the taxpayer's but is held by someone else (such as bank accounts, rental income, accounts receivable, or commissions).

The IRS usually levies only after these three requirements are met:

- ✓ The IRS has assessed the tax and sent the taxpayer a *Notice and Demand for Payment*,
- ✓ The taxpayer neglected or refused to pay the tax, and

- ✓ The IRS sent the taxpayer a final notice: *Notice of Intent to Levy and Notice of Your Right to a Hearing* (levy notice) at least 30 days before the levy. The IRS may give the taxpayer this notice in person, leave it at the taxpayer's usual place of business, or send it to the taxpayer's last known address by certified mail, return receipt requested.

If the IRS levies the taxpayer's bank account, the bank must hold funds the taxpayer has on deposit (up to the amount owed) for 21 days. This period allows the taxpayer time to solve any problems from the levy. After 21 days, the bank must send the money, plus interest if it applies, to the IRS.

Federal Tax Deposit Requirements: In general, an employer must deposit income tax withheld and both the employer and employee Social Security and Medicare taxes by mailing or delivering a check, money order, or cash to a financial institution that is an authorized depository for federal taxes.

Employers are required to determine how often they must make federal tax deposits. Generally, if the total employment taxes for the preceding year was \$50,000 or less, federal tax deposits must be made by the 15th of every month. If total taxes for the preceding year were greater than \$50,000, federal tax deposits must be made within three days of the date payroll checks were issued. The Electronic Federal Tax Payment System (EFTPS) is available for employers that want (or are required) to transmit deposits via the computer or phone.

Penalties: If deposits are made late, employers will receive a penalty. This "failure to deposit" penalty is computed by multiplying the amount of underpaid tax by a penalty percentage rate based on how many days late the deposit was made.

In addition to the above-mentioned deposit penalty, employers may be subject to penalties if they are late filing Form 941 or don't pay the amount due on the return.

Civil penalties are assessed on taxpayer accounts due to acts that are not related to actual filing of tax returns. Congress enacted civil penalties in order to address continuing problems of non-compliance with tax laws.

Civil penalties are imposed when an employer fails to do the following:

- ✓ Provide correct Social Security Numbers on Forms W-2 and 1099.
- ✓ File timely Forms W-2 and 1099.
- ✓ Provide correct information on Forms W-2 and 1099.
- ✓ Reconcile W-2 information with Form 941 information.

Appendix 3: Common Forms, Information Returns, and Publications

Forms

Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return
Form 941	Employer's Quarterly Federal Tax Return
Form 945	Annual Return of Withheld Federal Income Tax
Form 720	Quarterly Federal Excise Tax Return
Form W-2	Wage and Tax Statement
Form W-3	Transmittal of Wage and Tax Statements
Form 1096	Annual Summary and Transmittal of U.S. Information Returns
Form 1099-MISC	Miscellaneous Income (Example: rent, prizes, nonemployee compensation)

Publications

Pub 1	Your Rights as a Taxpayer
Pub 5	Appeal Rights and Preparation of Protests
Pub 15	Circular E, Employer's Tax Guide
Pub 15-A	Employer's Supplemental Tax Guide
Pub 15-B	Employer's Tax Guide to Fringe Benefits
Pub 594	The IRS Collection Process
Pub 963	Federal-State Reference Guide
Pub 966	The Secure Way to Pay Your Federal Taxes for Business and Individual Taxpayers: Electronic Federal Tax Payment System (EFTPS)
Pub 3425	4 Easy Ways to Use EFTPS for Tax Practitioners, Accountants and Payroll Companies
Pub 4268	Employment Tax Desk Guide for Indian Tribal Governments

Publication 15, Circular E, Employer's Tax Guide. This guide describes an employer's tax responsibilities for withholding, depositing, reporting, and paying employment taxes. It explains forms an employer must give to each employee, information an employee must give to the employer, and information an employer must send to the IRS and SSA. This guide also has tax tables an employer needs to figure the taxes to withhold from each employee.

Publication 15-A, Employer's Supplemental Tax Guide. This guide includes specialized information supplementing the basic employment tax information provided in Publication 15.

Publication 15-B, Employer's Tax Guide to Fringe Benefits. This guide contains information about the employment tax treatment and valuation of various types of noncash compensation.

Appendix 4: Resources and Contact Information

IRS Local Government Services
Gary Petersen, FSLG Specialist
200 S Virginia St. Suite 105
Reno, NV 89501
Phone: 775-325-9282
E-mail: gary.e.petersen@irs.gov

IRS Indian Tribal Government Services
Judy Pearson, Indian Tribal Governments
949 E 36th Avenue, MS A151 JP
Anchorage, AK 99508
Phone: 907-271-6949
Fax: 907-271-6664
E-mail: Judy.M.Pearson@irs.gov

Rural Utility Business Advisor Program
550 W. 7th Ave. #1770
Anchorage, AK 99501
Phone: 907-269-4556
Fax: 907-269-4563
E-mail: elizabeth.manfred@alaska.gov

Local Taxpayer Advocate
949 East 36 Avenue, Stop A-405
Anchorage, AK 99508
Phone: 907-271-6877
Fax: 907-271-6157

Appendix 5: Instructions

Authorization to Request Federal Tax Information

First paragraph: “We” in the first sentence means the community or taxpayer. The community (taxpayer) must grant a requestor the authority to view its tax status. The requestor’s name, job title and agency should be placed on the first line provided. The community grants this authorization only to the individual requestor named, not the whole agency.

Forms listed in the first sentence are needed to determine whether the community is IRS compliant. See the *Agency Guide to Community Tax Issues* for information on specific forms.

The requestor must enter a beginning and ending date for tax periods. The IRS will only provide tax status for the period selected. Select a time period that covers several years. If you submit a request on August 1, 2008, enter dates 08/01/2005 to 08/01/2008. This will give you three years to check for any problems.

Also note the IRS needs time to process returns. (When a community submits information, it may be weeks before that information is displayed in IRS records.) So community payments made within 4-6 weeks from your request may not be shown.

Check boxes allow you to select any particular tax issue you wish to see. It is recommended, as a matter of procedure, that you check all the boxes.

Signatures: The community (taxpayer) fills in this section. The signatory must be someone legally authorized to release the information. Generally speaking, the chief elected official (mayor or tribal president) or the chief administrative officer has the authority to sign for the community. The community will need to provide its federal Employer Identification Number (EIN). An EIN looks like this: 92-0012345. If the community has several EINs for different programs, complete a separate release form for each EIN.

Submission: Once your request has been filled out, fax it to (907) 271-6664.

IRS Reply: The IRS will complete the bottom section of the form and fax it back to you at the number you provided on the header. If the community is deemed compliant with its federal taxes, the IRS reply will be checked as compliant. However, if the community is deemed non-compliant, specific details of the non-compliance will be displayed (years/periods, liens, amount, and balance due). The Years/Periods will be shown like this: 941- 200809. The first set of numbers (941) refers to an IRS form. In this case it is Form 941, the Employers Quarterly Federal Tax Return. The next set of numbers refers to a date. In this case, 200809 is the period ending on the last day of September in the year 2002.

Examples:

200801 – period ending the last day of January 2008
200803 – period ending the last day of March 2008
200806 – period ending the last day of June 2008
200812 – period ending the last day of December 2008

Please see reverse for actual form.

Authorization to Request Federal Tax Information
All Applicants Must Complete This Form

We hereby authorize _____ to obtain information from the Internal Revenue Service (IRS) concerning our federal tax returns for the tax Form(s) **940, 941, 945, 720** and information return Forms **W-2, W-3, 1096, and 1099** for all tax periods from _____ to _____. The following information may be released by the IRS to this requestor provided the request is made to the IRS within 60 days of our signature and date of this authorization.

Check all relevant boxes below.

- Whether we are currently in compliance with federal employment and excise tax filing requirements.
- Whether we have failed to file employment/excise tax returns for which returns are currently due.
- Whether we have failed to file Information returns (Forms W-2, W-3, 1096, 1099) and civil penalties are due.
- Whether notices of federal tax liens have been filed against us in any recording district.
- Whether we currently have a formal payment arrangement for any amounts owed to the IRS.
- The amounts of any currently outstanding balance due whether or not secured by any recorded Notice of Federal Tax Lien.

Specific use not recorded on Centralized Authorization File (CAF).

I certify I have the authority (mayor, chief, president, CEO) to execute this form with respect to the tax matters/periods covered.

Authorizer's Signature and Title	Authorizer's Name (Please Print)
Taxpayer's Name (Please Print)	EIN Number _____
Taxpayer's Address	
	Date _____

IRS REPLY

Deemed Compliant by IRS

- Taxpayer is in compliance with federal employment and/or excise tax filing requirements.
- Taxpayer is in compliance with Federal Tax Deposit requirements.
- No recorded Notice of Federal Tax Lien against the above taxpayer(s) has been located.
- Taxpayer owes federal taxes but has a payment agreement and is current with the schedule of payments due. Years/Periods: _____ Amount: _____

Deemed Non-compliant by IRS

- Taxpayer owes federal taxes Years/Periods: _____ Amount: _____ and has no payment agreement.
- Notice(s) of Federal Tax Lien Recorded: District _____ State: _____ Lien Tax Years/Periods: _____ Balance Due: _____ Federal tax lien(s) may be released for payment of: \$ _____ by _____
- Taxpayer has not filed the following Information returns for the following tax periods: _____

FOR INTERNAL REVENUE SERVICE: _____

Title: _____

Date: _____