



Puyallup Tribe of Indians



January 28, 2022

Re: Assistance with Income Tax Returns

To the Tribal Membership:

This letter describes arrangements the Tribe has made to provide Tribal members with assistance in the preparation of their income tax returns for 2021. Those returns are generally due to the IRS no later than April 18, 2022. The Tribe strongly recommends that Tribal members obtain tax preparation assistance.

General Welfare Exclusion (GWE): Payments made to you that are covered by the General Welfare Exclusion are not taxable. These payments will NOT be included on Form 1099 and will NOT be reported to the IRS. All payments made on behalf of minors to their parents, guardians or foster parents during the year 2021 are GWE qualified and therefore not taxable.

The Tribe adopted a General Welfare Program for Adults in August 2021 that allowed for qualifying adults to receive their payments, under the program, as non-taxable GWE. Any qualifying payments made to adults after approval for participation in the program are non-taxable. A Form 1099 will be sent for any payments not qualified as GWE.

Per Capita Payments are taxable and not covered by the General Welfare Exclusion (GWE): All payments made to adults who did NOT sign up for GWE will be taxable and reportable to the IRS. Under the Indian Gaming Regulatory Act (IGRA), the Tribe is required to inform you that per capita payments not covered by the General Welfare Exclusion must be reported as taxable income on your federal income tax returns. The Tribe reports these payments along with any tax withholdings made by the Tribe to the IRS on Form 1099. The Tribe has taken income tax withholding out of these per capita payments not qualified as GWE. Federal law requires the Tribe to take out this withholding. The amount of tax withholding will be identified on the Form 1099s you receive and is needed for when you file your tax return so you get credit for taxes paid.

Per Capita Payments made to the Minors Trust: All payments made on behalf of minors to their new trusts during the year 2021 are tax deferred including the interest earned on those payments and the interest earned on payments made to the old trusts until withdrawn. Tax withholdings were made on all previous per capita payments made to the old trusts.

Assistance for Tax Preparation: The Tribe will pay for assistance with the preparation of 2021 personal tax returns for Tribal members when you obtain that assistance from:

- H&R Block, or
- A Certified Public Accountant (CPA) or
- Other tax preparation professionals

H&R Block:

If you choose to use H&R Block, the Tribe will pay H&R Block's fee for the preparation of a basic personal income tax return. H&R Block has also agreed to provide each Tribal member their "Peace of Mind" benefit, which provides some protection against penalties or additional taxes resulting from an error by H&R Block when preparing your return. While the Tribe has made arrangements to pay H&R Block for basic return services, you should confirm with them what is included and whether additional charges may apply depending on your particular circumstances.

CPA or Other Tax Professionals:

Should a Tribal member choose to use a CPA or tax preparation professional instead of H&R Block, the Tribe will reimburse the Tribal member for the reasonable cost of preparing basic personal tax returns up to a **maximum reimbursement of \$230 for a federal return, \$119 for a state return and \$85 for any amended return. These reimbursements apply to the current year or any prior years.**

Tax Reporting / Form 1099s:

Minors: Since all GWE payments made to parents, guardians and foster parents on behalf of minors for the year 2021 were covered under GWE, no Form 1099s will be issued for these payments. Further, since the Minors Trust was changed effective January 1, 2021, no Grantor Trust Tax Information letters will be issued for interest earned on trust balances. All per capita payments made to the Minors Trust and the interest earned since January 1, 2021 are tax deferred until distributed from the Trust. Those members who reached age 18 and received a distribution from their Minors Trust will have some taxable income. **A Form 1099 will be issued only to those who reached age 18 and received a distribution from their Minors Trust.** Otherwise if your child is under age 18, you will not have to file a tax return for them for 2021 because the GWE payments are tax-exempt and the per capita paid into the Trust and interest earned by the Trust is now tax-deferred.

Adults: All payments made to adults who applied and were approved for the GWE program are not reportable as income on your tax returns. All payments made to you prior to approval for the GWE program are reportable as income on your tax return. You will receive a Form 1099 for these payments.

For adults who did not apply for GWE, all of your per capita payments will be taxable and you will receive a Form 1099 for these payments. You are required to report these payments on your tax return.

OTHER IMPORTANT INFORMATION:

- General Welfare rules can be found at Internal Revenue Code Section 139E and online under the Puyallup Tribe's General Welfare Ordinance Section 1.16
- Receipts or other acceptable documentation must be kept to substantiate
- A Form 1099 will be sent for any payments not qualified as GWE, a Form 1099 will not be sent for qualified payments under an approved program
- The Tribe cannot provide tax advice
- IRS has not issued any final regulations under the GWE yet
- The Tribe will continue to monitor and reserves the right to change its programs, procedures, and reporting practices for consistency
- Every individual's tax situation is unique, we encourage you to discuss any concerns with your tax preparer

For some Tribal members, a Form 1099 will be issued for taxable payments they received as vendors and/or other program assistance. (For a list of this assistance, please contact Tribal Administration.)

Preparation of tax returns. If you want to use H&R Block to help with the preparation of your tax returns (at the Tribe's expense), please contact them at (253) 926-0471 to make arrangements.

You should of course bring with you all of the tax documents you have concerning income, deductions and expenses, such as W-2s, 1099s, expense receipts, and the like.

If you have any questions about the contents of this letter, please call us at 253-573-7936. If we miss your call, you can leave a message and we will return your call and answer any questions you have about these tax arrangements. As always, the Tribe appreciates your patience and participation in this difficult but necessary process.

Sincerely,



Bill Sterud, Chairman
For the Puyallup Tribal Council