

Tribal per capita income

The United States government has concluded many agreements with Native American tribes. Often, the income that Native Americans derived from the revenues of tribal games is calculated on the basis of household eligibility. When a family member reports that he or she is a Native American tribe member, ask if the member receives income from the tribe. If a member of the tribe earns an income, contact the clan and see how much the member gets and what source the tribe uses to finance payments. Payments cannot be calculated from the following sources. The Alaska Native Claims Settlement Act, The SAC and Fox Indian Claims Agreement, Maine Indian Claims Settlement Act of 1980 for members of the Basamacodi Nation and The State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the Confederate tribes men of the Basamacodi Nation and The State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the Basamacodi Nation and The State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, by members of the State of Penopaco, coppel's settlement in the Claims Decision Act of 2010, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, disposed of the funds to the Ottawa IndianS Great River Band for P.L. 94-540, disposed of the funds to th from the U.S. Sub-Marine Territory held in confidence for the Bad River Division of the Lake Superior Tribe of The Chibiwa Indians of Wisconsin, the Blackfit Tribe, Lower Prol Siu Tribe, Lower Prol Siu Tribe, The Devils Lake Sio tribe, Fort Belknap Indian Community, Aspen and Sios Tribes, LAC Oreilles Court Band of Lake Superior Chibiwa Indians, Keweenaw Bay Indian Community, Minnesota Chibewa Tribe, Navajo Tribe, Ogala Siu Tribe, Rosebud Sio tribe, rom per capita payments distributed from judicial bonuses and trusts per P.L. 98-64, from any interest or investment due to arbitration decisions The trust funds for each P.L. 98-64 while held in a trust fund, i.e. the Osage tribe per capita payments, the rights of the Head of the Osage tribe, or income from mineral or other tribal leases, other commercial projects paid per capita, and income of up to \$2,000 per year received by individual Indians derived from leases or other uses of individually owned trust or restricted land. @type:sok-wcm/components/content/v1/text} id=text-ea8bc27fd Class=cmp-text> Alaska Native Claims Settlement Act of 1980 for Members of Passamaquoddy and Penobscot Nation, Coppel's Settlement in the Claims Decision Act of 2010, and the disposal of funds to the Great River Band of the Ottawa Indians in P.L. 94-94-94 540, by members of the Confederate tribes of the Miskilero Reserve for each P.L. 95-433, of the U.S. Semi-Marine Lands held in confidence for the Bad River Band of the Lake Superior Tribe of The Chibiwa Indians of Wisconsin, the Blackvet Tribe, and the Oklahoma Cherokee Nation, the River Tribe Siu Tea, Lower Siu Brül Tribe, Devils Lake Siotribe, Fort Belknap Indian Aseniboen and Sioux Tribes, LAC Court Oreilles Squad of Lake Superior Chibiwa Indians, Keweenaw Bay Indian Community, Minnesota Chibewa Tribe, Ogala Siu Tribe, Ogala Siu Tribe, Shoshon Panok Tribe, or Standing Rock Sioux Tribe, from distributed per capita payments of arbitral judgments and trust funds provided at P.L. 98.64 Of any interest or investment income accumulated on the judgement awards and trust, i.e. the Osaji tribe individual payments, heads of the Osaji tribe, income from mineral leases or other tribal businesses paid per capita, income up to \$2,000 per year received by individual Indians derived from leases or other trusts for the individual owned or restricted land. Since it received 1099-MISC, it indicates that per capita income is income from the proceeds of Indian games, and therefore it is taxable. Unfortunately, you will not be able to claim it on your taxes. In general, per capita payments issued to an Indian tribal member are not subject to federal income tax, unless they are from gaming proceeds. For each Irs: If you are a member of a federally recognized tribe and receive income from the distribution of tribal per capita or from the proceeds of Indian games, here is some important information. This income should be included in section 21 of Form 1040, with a description, in the revenue statement in the revenue list 1099-MISC. For paper or e-file returns, please enter one of the following descriptions on Line 21: Indian Gaming ProceedsIndian Tribal DistribNative Distrib View solution in original post [House Hearing, 112 Congress] [From the U.S. [1] The united states is the only country in the world that has been able to build a new state of security. AP-111 The government's decision to re-apply the new government to the Government has also been able to make a positive and positive decision on the issue of the united nations system, which is #x3 #x3 ------- the united states of the united states ------------ the United States of American and British peoples. Free Number (866) 512-1800; D.C. Area (202) 512-1800 Fax: (202) 512-2104 Mail: Off IDCC, Washington, D.C. 20402-0001 Natural Resources Commission Document Hastings, WA, President Edward J. Markie, MA, Senior Democratic Member Don Young, AK Del E. Kilde, MI John J. Duncan Jr., TN Peter A. DeFazio, Louie Gohmert, Texas Eni F. H. Valiumaviaga, as Rob Bishop, UT Frank Ballon, Jr., NJ Doug Lamburn, CO Grace F. Napolitano, CA Robert J. Whitman, VA Rush D. Holt, NJ Paul C. Broun, GA Raoul M. Grijalva, AZ John Fleming, LA Madeleine Z. Bordallo, GU Mike Kaufman, CO Jim Costa, Ca Tom McClintock, CA Dan Boren, Jeff Denham, CA CNMI Dan Benchik, MI Martin Heinrich, NM David Rivera, Florida Ray Ben Logan, Jeff Duncan, SC SAton, Oh Scott R. Tipton, Tsunagas CO, Ma Paul A. Gosar, AZ Pedro R. Pierloisi, PR Raul R. Labrador, ID John Garamandi, California Christie L. Noem, SD Colin W. Hanabusa, Hi Steve Sutherland, II, Florida Paul Texas Vacancy Andy Harris, MD Jeffrey M. Landry, LA John Ronian, NJ Bill Johnson, OH Mark E. Amodei, NV Todd Young, Chief of Staff Lisa Pittman, Senior Advisors Jeffrey Duncan, Democratic Chief of Staff David Watkins, Democratic advisers ------ subcommittee on Indian and Alaska native Affairs Don Young, AK, Chairman Ben Ray LUJAN, NM, Senior Democratic Member Tom McClintock, CA Del E., MI Jeff Denham, CALIFORNIA Eni F. H. Faleomavaega, AS Dan Bencic, MI Colin W. Hanabusa, Hi Paul A. Gosar, AZ Raoul M. Grijalva, AZ Raoul R. Labrador, ID Edward J. Markey, MA, De facto Christy L. Noem, SD Duke Hastings, WA, position ------ the contents of the ------ hearing of the ------ hearing of the ------ hearing of the ------ hearing Held on Friday, September 14, 2012.... 1 Member's Statement: Hastings, Hoon Document, a congressional representative from Washington State.... 7 Prepared statement of 8 Logan, Honorable Ben Ray, a representative in Congress from New Mexico.... 3 Prepare a statement..... 6 young, nobility don, representative in Congress of alaska..... 1 stomach statement of... 2 Witness Statement of... 2 Witness Statement: Jacobs, Christie J., Director, Bureau of Indian Tribal Governments, Internal Revenue Service, U.S. Treasury Department.... 9 Prepare a statement from...... 10 Answer ing questions submitted to the registry..... Colville Reservation.... 28 Prepared statement from...... 29 Suppah, Ron Honourable, Vice-President of the Tribal Council of Confederate Tribes of Warm Springs Save from 24 Prepare a statement from...... 26 additional materials supplied: National Conference of the American Indians, LNK-12-010 decision provided for the record by Honorable Ben Ray Logan.... 4 ITG FAQs #2 submitted to the register by Honorable Ben Ray Logan.... 6 Hearing on the Control of Per Capita Law and Federal Treatment of Trust Distributions ------- Friday, September 14, 2012, The Subcommittee on Natural Affairs of the Indian and Alaska in Washington. C------- The Subcommittee met, at the invitation, at 11:00 a.m..m, in room 1324, the House of Representatives Office building in Longworth, subcommittee chairman Don Young present: Representatives Young, Noem, Hastings (ex of fide), Logan, Kildy, Hanabosa. Statement by Unraple Don Young, a representative of Congress from Alaska Mr. Young. The Committee will take over. I note that the guorum exists. The Subcommittee on Aboriginal Affairs of The Indian and Alaskan S.A.A. meets today to hear testimony on the Per capita law and federal treatment of credit per capita law and federal treatment of credit per capita distributions. Under article 4 of the Committee from the opening statements of members, the President, myself, the eminent member or his seat, we will request unanimous approval for the statements of other members if presented to the clerk of the meeting by today. Today, the Subcommittee will review the federal government's controversial tax treatment for unrestricted per capita payments distributed by Indian tribes to its registered members. Gaming Regulatory Act of 1988 and is not a problem at this hearing. Under a historical judicial precedent and a law known as per capita law, per capita a tribal trust fund, among other sources. Per capita payments should, to be clear, not government donations. These benefits belong to Indians secured under terms negotiated in the Treaty and statute, where tribes ceded tens of millions of land to the United States. It would be grossly unfair to have tax revenues from the land seized for exclusive use and benefit to American Indians who had secured their property at great cost. The hearing was held today when the Committee learned that registered members receiving per capita payments from tribal trust fund accounts benefit from taxes. The taxability of these benefits appears to be unprecedented. It has a severe impact on the special provisions of the recognized tribes, an issue that this Commission has As tribes grapple with this new unauthorized tax liability, the IRS last week issued a public notice declaring that per capita payments from private accounts to 55 tribes are trabes that have recently settled on the trust of mismanagement lawsuits with the Obama administration, a settlement proposal from the Obama administration, or SPOA. While the United States should not tax tribal settlement funds, irs directives regarding work programme funds based on currency advice are curious. It is clear that the Per Capita Act protects tribal funds from taxes when they are in trust accounts. It does not protect funds held in private non-accountable accounts. This begs the question: why does the IRS tax tribal payments derived from trust resources when granting tax relief for payments derived from non-monopoly accounts? This, to me, makes no sense, but it generates a perception that something political has happened in the Treasury Department; The Committee is interested in ensuring the validity of the intent intended by Congress and its followers under the Per capita Act. I look forward to hearing my witnesses, and now I will confess to my late eminent member to make an opening statement. [Mr. Young's pre-prepared statement follows:] A statement by Don Young Honorable, chairman of the Subcommittee on Indian and Alaska Native Affairs today, will review the federal government's controversial tax treatment without per capita payments distributed by Indian tribes to its registered members. Gaming revenue is governed by the Indian Gaming Regulation Act of 1988 and is not a problem at this hearing. Under historical precedents, case law and the statute known as per capita law, per capita law at the statute known as per capita law. fund, among other sources. We need to be clear, the per capita of these payments is not government payments. These benefits belong to the Indians, guaranteed under terms negotiated in the Treaty and the Statute where tribes ceded tens of millions of land to the United States. It would be grossly unfair to have tax revenue from the land it retains for exclusive use and benefit to American Indians, who have secured their property at great cost. The hearing was held today when the Committee learned that registered members receiving per capita payments from tribal trust fund accounts are taxable. The Of these benefits it seems to be unprecedented. It has a severe impact on the special status of recognized tribes, an issue over which the Commission has jurisdiction. As tribes are taxable. These are the tribes that have recently settled their own mismanagement claims with the Obama administration, a settlement process called the Settlement funds, irs directives regarding work programme funds based on currency advice are curious. It is clear that the Per Capita Act protects tribal funds from taxes when they are in trust accounts. It does not protect funds held in private non-trust accounts. This begs the question: why does the IRS tax tribal payments derived from trust resources, with tax exemption for payments derived from non-trust accounts? This makes no sense and creates a perception that something political has happened in the Treasury Department. I think none of the money I've described should be taxable, but the IRS should explain why it thinks that some trust payments are taxable while private ones aren't. I look forward to hearing more on these issues from our witnesses today, and I hope to explore solutions to ensure that the Per Capita Population Act is implemented as envisaged by Congress. Statement by The Honourable Ben Ray Logan, Representative of the Congress of the State of New Mexico Mr. Logan. Thank you very much, Mr. President. Tribal governments, such as states and local entities, are not subject to federal taxes. Similarly, the land held by the United States for the benefit of Indian tribes is not subject to federal taxes. The status of the tax exemption of the tribes and their trust lands that are then distributed on the basis of per capita trust accounts as immune from federal taxes. However, the tribal leadership recently reported an increase in the tax authority's efforts to tax per capita Labour Act to prohibit the treatment of such funds as tax income. The National Congress of American Indians has approved a resolution rejecting the IRS's alleged efforts immediately. And, Mr. President, I would like to request collective approval to join the National Conference of American Indians resolution LNK-12-010 Record. Mr. Young, unchallenged, ordered it. Mr. Logan Thank you Mr. President [Here's the National Conference of The American Indians Resolution LNK-12-010:] [Graphic] 85943.001 [Graphic] 85943.002 Mr. Logan. I am pleased that the Tax Service has been invited to testify today to answer questions regarding the taxation of individual income derived from these resources, for registration purposes; I am concerned that the Tax Authority is not communicating with the Indian country as effectively as it should, that tribal tax policies are not conveyed consistently and that this contributes to uncertainty in this area. Let me be clear: in terms of the tax policy of the Federal Indians based on more than a century of treaties, respect for tribal sovereignty and the empowerment of tribes to self-determination, funds derived from trust resources distributed on the basis of per capita distributions, as our tribal witnesses will testify today, they must immediately stop those efforts. Also, I understand the IRS has issued directives clarifying that per capita payments settle tribal trust cases between the United States and 55 tribes are not subject to federal taxes. This guidance is welcome. It is now indisputable that these payments should be tax-free because they arose as partly as a result of the federal Government's mismanagement of tribal trust accounts. This session will inform us as congressional legislators about whether the Per Capita Income Act should be clarified to make it explicit that per capita income derived from trust resources and issued from tribal accounts are not subject to federal taxes. I look forward to testifying, and i'll come back. [Mr. Logan's pre-prepared statement follows: Tribal governments, such as government and local entities, are not subject to federal taxes. Similarly, the land held by the United States for the useful use of Indian tribes is not subject to federal taxes. The status of the tax exemption of the tribes and their trust territory is based on Indian treaties and the responsibility of trust. However, individual Indians tax their personal income subject to limited exceptions. For decades, the IRS has treated income derived from natural resources on tribal trust lands, which are then distributed on a per capita basis of credit accounts, as protected from federal taxes. However, the tribal leadership recently reported an increase in the number of By the IRS for per capita tax payments to tribal members from trust funds derived from trust funds derived from trust funds as taxable income. The National Congress of American Indians has approved a resolution rejecting the IRS and the Treasury Department to stop such efforts immediately. I am pleased that the IRS has been invited to testify today to answer questions about per capita income is treated derived from trust resources, and if there is a change in its practice, and the legal basis on which it is based in this practice. I am concerned that the IRS is not communicating with the Indian country as effectively as it should, that tribal tax policies are not being transmitted in unity and that this contributes to uncertainty in this area. Let me be clear: in terms of India's federal tax policy based on more than a century of treaties, respect for tribal sovereignty and the empowerment of communities to self-determination, funds derived from trust resources distributed on the basis of per capita Indians cannot and should be subject to federal taxation. If the IRS has engaged, or intends to participate, in efforts to tax per capita distributions, as our tribal witnesses will testify today, they should stop these efforts immediately. Also, I understand the IRS has issued directives clarifying that per capita payments of tribal trust settlements between the United States and 55 tribes are not subject to federal taxes. This guidance is welcome. It is now indisputable that these payments should be tax-free, as they arose as partly as a result of the federal Government's mismanagement of tribal trust accounts. This session will inform us as congressional legislators about whether the Per Capita Income Act should be clarified to make it explicit that per capita income derived from trust resources and issued from tribal accounts is not subject to federal taxes. I look forward to testifying. I'm reviewing ____ a question submitted to the IRS by Honorable Ben Ray Logan ITG answer #2: Are any per capita distributions resulting from land claims settlement and judgment are received, and also when there are distributions of the asset of trust and income held by the Ministry of Interior. Mr. Young. I thank Mr. . I will now acknowledge the Chairman of the Full Committee, Doc Hastings. Thank you very much, Mr. President, and thank you for scheduling this hearing. I want to welcome all three of Witnesses who flew here from the great Pacific Northwest to be with us today. Two of the witnesses, Executive Secretary Athena Sanchi Yalop and Chairman John Serwa, represent the Yakama Nation and the Colville tribes, respectively, located in Eastern Washington. One of them is completely within my circle, the other is partly in my district. This session is necessary to clarify the Obama administration's vague and potentially conflicting policies regarding the federal government's treatment of income tax for some of the payments that tribes make to their registered members. I understand that over the past 50 years at least, the distribution of individual payments to registered tribal members has been considered unaccountable if those payments are derived from accounts held by the Ministry of the Interior as a matter of trust. These are accounts of funds from the provisions and claims filed. However, the IRS has notified several tribes that members receiving per capita payments of wooden trust resources are now taxable, while the IRS has just issued a new notice declaring that some per capita payments made by 55 tribes of funds in private accounts are not taxable. These funds in these accounts are derived from the settlement of the recent tribal trust claim with the Obama administration. The disparity in the treatment of these payments is a source of great uncertainty for tribes everywhere, particularly those active in forest management, a vital activity in the North-West Pacific. IRS policy is likely to expose many poor Indians in Washington state to unexpected new tax obligations at a time of rising unemployment and rising energy prices. This policy seems to be turning the old federal principles of Indian law to its head. The government in 1994 was a very complex and time-limited one. In addition, government in 1994 was a very complex and time-limited one. In addition, government in 1994 was a very complex and time-limited one. members is more uncertainty regarding the tax treatment of tribal revenues. I therefore greatly appreciate the subcommittee's convening of this meeting. This was brought to my attention by a recent casual remark made by a member of the tribe, which we considered and found that this was indeed serious. I appreciate the President and the high-level member who held this hearing. [Mr. Hastings' pre-prepared statement follows: H.E. Dr. Hastings, Chairman of the Natural Resources Committee, thank you, President Young, for scheduling the meeting. Welcome all three tribal witnesses who flew here from the Pacific Northwest to be We are today. Two witnesses - Executive Secretary Athena Sanchi Yalop and Chairman John Serwa here represent ing the Yakma nation and the Colville tribes respectively. Each of these tribes is located in East Washington, an area where I have the honor and privilege to represent them. Mr. President, this session is necessary to clarify the Obama administration's potentially vague and conflicting policies regarding the federal government's treatment of income tax for some of the payments to registered members. It is understood that the distribution of individual payments to registered tribal members. It is understood that the distribution of individual payments to registered tribal members. It is understood that the distribution of individual payments to registered tribal members. It is understood that the distribution of individual payments to registered members. It is understood that the distribution of individual payments were derived from accounts held by the Ministry of the Interior as a matter of confidence. These are the accounts in which funds are deposited from the development of the trust resources of the tribe - such as timber - and from judgments and claims. However, the IRS has notified several tribes that members receiving per capita payments from wood trust resources now benefit from taxes. At the same time, the IRS has just issued a new notice declaring that some per capita payments made by 55 tribes of funds in private accounts are not taxable. The funds in these accounts are derived from the settlement of these payments is a source of great uncertainty for tribes everywhere, particularly those active in forest management, a vital activity in the North-West Pacific that supports thousands of jobs and drives the economies of many small cities. IRS policy is likely to expose many poor Indians in Washington state to unexpected new tax obligations at a time of rising unemployment and rising energy prices. This policy seems to be shifting the old federal principles of Indian law to its climax. It is land reserved for Indian tribes under treaties, acts by Congress, and executive orders intended for the exclusive use and utilization of tribes. In addition, government tax policy that is inconsistent or not always unclear leads to economic uncertainty. In the middle of a recession, the last thing tribes need while trying to serve their members is more uncertainty regarding the tax treatment of their tribal revenues. I would like to say that the united nations is the only one that can be said to be the only way to make the united nations is the only one that can be said to be the only way to make the united nations is the only one that the united nations is the only way to make the united nations is the only one that can be said to be the only one that can be said to be the only one that can be said to be the united nations is the only one that the united nations is the only one that can be said to be the only one that can be said to be the only one that can be said to be the united nations is the only one that the united nations is the only one that can be said to be the united nations is the only one that the united nations is the united nations is the only one that the united nations is the only one that the united nations is the united nat Governments, Internal Revenue Service; Athena Sanshi Yalop, Executive Secretary, Confederate Tribas and Yakama Nation Teams; Ron Subah, Vice President of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chairman of the Confederate Tribal Council at the Warm Springs Reserve in Oregon; and John Serwais, Chai Please know that your opening statements are five minutes. Watch the clock in front of you; But if not, I'll stop you anyway. Microphones are turned on by a button in front of you. Make sure you push it. And I'm sure you know what the timing lights do. So we'll now get to know the first witness, Christy Jacobs of the Internal Revenue Service, you're recognized, Christy, a statement from Christy J. Jacobs, director of the Bureau of Indian Tribal Governments, internal revenue department, and The U.S. Department of the Subcommittee. I appreciate the opportunity i had to be alone here this morning to discuss the taxation of per capita payments made by tribes to their members from the proceeds of certain settlements or assets held by the Secretariat. In opening my testimony, I would like to acknowledge that the United States Constitution, treaties, statutes, executive orders, and court decisions. The Office is in place to facilitate the relationship between the government and the government and the government and to help tribes meet their federal tax obligations. The government's policy of protecting the rights of the population is a matter of concern. From the proceeds of some tribal settlements covered by tribal trust issues; second, per capita payments made by tribes to their members from resources held by the United States in a trust fund. In order to provide the context for this discussion, I would like to briefly explain the legal principles involved. Article 61 of the Internal Revenue Act, which determines gross income, and the Per capita Act of Section 25, are both relevant to this debate. The government's policy of the government's policy of the government of the United States of American And Other States is to establish a new government that will be able to provide the necessary resources for the development of the country.2 Tribesmen are Citizens of the United States and are subject to income taxes unless there is an explicit exception, such as a law or treaty to which it applies. The federal courts applied this rule to the distribution of per capita trust assets and found them taxable. However, these cases did not consider the application of the per capita population law. The Per Capita Population Act, codified in Section 25, gives Indian tribes the power to pay their per capita income from tribal trust revenues. Under the Per capita Act, the funds under which the Minister of the Interior handles the financial balances An Indian tribe that is distributed to members of that tribe can be distributed either through the Minister of the Interior or at the request of the tribe's governing body, subject to the approval of the Minister of the Interior and the tribe. The Per Capita Income Act stipulates that funds distributed under the Act are subject to the provisions of section 1407 of the Employment or Distribution Act of funds issued by Indian tribes. The funds mentioned in that section, and all interest income and investments accumulated on funds while held in a trust fund, are not subject to federal income taxes. The United States has recently concluded settlement of the Interior and the Treasury Department have mismanaged united States monetary assets and natural resources in trust on behalf of these tribes. Upon receipt of the settlement, the tribes reject their claims with prejudice. The United States expects to enter into other similar agreements in the future with other trust litigants. On September 6, 2012, the Treasury department and RRS published a 2012-60 notice. The notice concluded that the above-mentioned per capita payments were excluded from the total income of this notice, pursuant to Executive Order 13175, we consulted directly at the request of many tribes and tribal organizations. These consultations and talks have been very useful in preparing the notice. The notice applies only to individual payments from the proceeds of the settlements described in the notice, but, as stated in the notice, this issue can be addressed in future guidance after further consultations. This concludes my testimony this morning, and I am pleased to answer any questions you may have. Mr. Young, thank you, Miss Jacobs [Ms. Jacobs' pre-prepared statement follows:] Statement follows:] Statement form Christy J. Jacobs, Director of the Office of Indian Tribal Governments, Provider of Internal Revenue Service Good Morning, Chairman Young, Senior Logan, and Members of the Subcommittee. I appreciate the opportunity i had to be alone here this morning to discuss the taxation of per capita payments made by tribes to tribal members from the proceeds of some settlements or assets held as a matter of trust. In opening my testimony, I would like to acknowledge that the United States has a unique relationship between government and government with Indian tribal leaders. The Office is in the process of facilitating interactions between Governments and helping tribes meet their federal tax obligations. The main issues are two different, but related, issues for discussion today: (1) per capita payments of tribes to their members from the proceeds of some settlements in cases of tribal trust between the United States and those Indian tribes, and (2) per capita payments made by tribes to their members from resources held by the United States as a matter of trust. In order to provide the context for this discussion, I would like to briefly explain the legal principles involved. A brief explanation of the legal principles of Article 61 (a) of the Internal Revenue Act, which determines gross income, and the Per capita Law (25 U.S.). C. 117a, and beyond) are both relevant to this discussion. The government's decision to amend the Law on The Rights of the Accused is a matter of concern. Under SEC 61, Congress intends to tax all gains and undeniably joining the wealth, clearly realized, [] that taxpayers have full control.' Commissioner v. Glenshaw Glass, 348 U.S. 426 (1955). Indians are citizens subject to income taxes. Squire vs. Capuman, 351 Us 1, 6 (1956). Exemption from paying taxes should be clearly expressed'. Id. Unless an explicit exception applies - such as a law, treaty or agreement - the general rule is that gross income is all income from any derivative source. The federal courts applied this rule to the distributions of the individual tribe to its members of the trust assets and found it taxable. See, for example, Tonasket v.C.I.R., T.C. Note. However, these cases did not consider the application of the per capita law. Per capita law, which was codified on 25. C. U.S. Sec. 117a through 117c, gives power to Indian tribes to pay per capita payments to Indians from tribal trustfunds. Under the Per capita act, the Minister of the Interior may, at the request of the tribal governing body, subject to the approval of the Interior. The tribe. The Per Capita Population Act states: in 25 United States. C Sec. 117b (a), that funds distributed under that Act are subject to the provisions of 25 U.S. .C. 1407 of Indian Tribal Money Rule Employment or Distribution Act. Under Article 1407, the funds mentioned in this section, all interest income and investment owed to the funds while held in trust, are not subject to federal income taxes. Per capita payments of settlement proceeds -Notice 2012-60 recently, the United States entered into a settlement Other tribal trust litigants -- with federally recognized Indian tribes to resolve litigation in which tribes allege that the Department of the Interior and the Treasury Department have mismanaged U.S. cash assets and natural resources as a matter of trust for the tribes. Upon receipt of the settlement, the tribes reject their claims with prejudice. On September 6, 2012, the Treasury department and RRS published a 2012-60 notice. The notice concluded that the above-mentioned per capitation of the settlement. payments were excluded from the total income of members of the tribe. The notice applies to per capita payments made by the Minister of the Interior or Indian tribes [] are outside the scope of this notice and can be addressed in future guidance and prior to the issuance of this notice, we consulted directly at the request of many tribes and other affiliates, and in the spirit of Executive Order 13175. These consultations and talks have been very useful in preparing the notice. Per capita payments of trust resources apply only to per capita payments from the proceeds of the settlements described in the notice and which we have begun to consult with the affected tribes. The issue of the distribution of per capita trust assets outside the scope of the notice, but, as stated in the notice, this issue could be addressed in future guidance after further consultations. This concludes my testimony this morning. I would be happy to answer any questions you may have. _.eps -----.eps_ Athens, please secretary of the Confederate tribes and yakma teams a statement from the Honourable Athena Sanchi Yalop. Chic Mayfski [speaking in mother tongue]. Good morning, President Young and members of the Subcommittee. I'm honored to be here. I (Athena Sanchi Yalop) I am the Executive Secretary of the Yakma Nation, and I would like to thank you for this opportunity to testify on behalf of the Per capita Law and federal treatment of individual trust distributions. I also request that my oral and written testimony be part of the record on behalf of the Yakama nation. Mr. Young, unchallenged, Ms. Sanchi Yalop. The Yakma nation negotiated the 1855 treaty with the U.S. government on the grounds that the rights granted to our treaty would be in the country's supreme laws. I've traveled. The land of my people and my ancestors to draw your attention to the attempt of the Internal Revenue Service to tax the per capita distributions of trust resources in the Yakama Nation. This is a serious and potentially another unfulfilled promise from a treaty with the United States, and we cannot be silent about and tolerate the treatment of the Internal Revenue Service. The attack on trust resources is unprecedented and unsupported by federal law. The Per Capita Resources Act stipulates that the distribution of trust funds per capita is not taxable, and the new IRS notice 2012-2060 is in states where trust funds are also not taxable. We continue this battle today, and we must preserve for our future generations the benefit of our sacred ancestors that our individual trust is not taxable. We know that the reservation of the Yakama people only, not the IRS or any other part of the United States. We have been moved from our homelands along the Columbia River so that goods can be supplied to the world. We understand that dams were built on the Columbia River and its tributaries to improve the quality of life of the people from their homes, polluted our water and fish, and kept us away from our ancestral lands. We understand that the United States has tried to preserve our best interests through responsibility for trust, but we are still sitting here again today to retain and restore our responsibility for our rights. The Yakma people have adopted and survived many of the policies imposed on them by the United States, such as the Privatization Act, boarding schools and termination. My people and I will no longer sacrifices of so many; we will not return to any victim. As a tribal leader, I must speak and defend treaty rights and ask why the United States, its agencies and its staff continue to desire more of what we have, and what my leadership has fought and maintained through litigation since the time of my treaty. We strive to be the strongest tribal nation that serves its people adequately. When does the United States - now specifically the IRS - have enough yakamas before they are satisfied? I see my people going without work, I see the IRS trying to take more tribes that have already given up a lot. Our government is trying to fill in the voids of the lack of services from its federal government, and our tribal government and create economic development, and our tribal government and create economic development. United States should return to us the public lands in my concessioned territory, and I am sure that my people are capable of preserving the land of the Yakama's trust resources is appalling and shameful. My trust resources are not taxable. With regard to respect and honour, I ask the Subcommittee to reaffirm the intention of Congress that the distribution of per capita trust resources is not taxable, and to require the IRS and the Treasury Department to consult with tribes, as required by Executive Order 13175. Thank you for the time and opportunity to testify before this Subcommittee. Mr. Young, thank you. [Pre-prepared statement by Ms. Sanshi Yalop:] Statement by Athena Sanchi Yalop, Executive Secretary of the Confederate Tribes and Gangs of the Yakama Chiz Mayefsky Nation. President Young, members of the Honorable Subcommittee, I would like to thank you for the opportunity to testify on the Individual Act and the Federal Treatment of The Distribution of Trust per Capita and request that my oral and written testimony be recorded in the register on behalf of registered members of the Confederate tribes and the Yakama National Tribe Council. I have lived in the Yakama Reserve -- where my ancestors have lived for a long time -- all my life. I have served in my tribal government for more than 25 years, and i have served my people as elected officials since 2006. Today, I traveled from my people to draw your attention to the Internal Revenue Service's attempts to tax per capita distributions of trust resources in the Yakama nation. This is a serious issue affecting every member of Yakama, and every conservative tribe that tries to support its people. Given the seriousness of this issue for the Yakama nation and the Indian country, we ask for your assistance through (1) reaffirming Congress's intention that the distribution of trust resources per capita is not taxable, and (2) facilitating consultation between the IRS and the Yakama nation. I respectfully make the following statement supporting the yakama nation's position that this new federal trust, and in violation of the Yakama Treaty of 1855. Background to yakma nation and its trust resources stories the creation of tribes and teams brought together by the Treaty of 1855 talk about the creation. Anthropological data supports these stories, which date back to the existence of our ancestors on our territory more than 14,000 years ago. The people of this holy land have lived for thousands of years, fed by the same resources that the Yakama people cultivate and use today. Our lands, resources and people have been spiritually and physically linked throughout history, unlike any relationship understood by Western civilization. In 1855, The Boss, Piquose, Yakama, Wenatchapam, Klinquit, O'Shea Chotes, Kow Road saye ee, Sk'in-pah, Kah-miltpah, Klickitat, Pork Wish, see AP Cat, Lee Ai Kan, and Shayk Indians to negotiate together a treaty with territory governor Isaac Stevens as representative of the United States. Our ancestors gave up nearly 10 million acres of land to protect our way of life, including fishing rights and fishing off reservations, the right to exclusive use and the use of our protected lands. These reserved rights were commemorated in the 1855 Treaty, which defines the rights granted to the United States by my people and those that have been retained to ourselves. Prior to the Treaty of 1855, confederate tribes and gangs exercised our exclusive right to use and utilize our territory. The Treaty of 1855 expressly protected this exclusive right so that in the future yakma could continue to use and benefit from yakama territory. Congress did not move to withdraw the Yakama nation from this right. Now, in what constitutes a blatant attack on the sovereignty of the Yakama nation, the IRS is trying to do what Congress has not done, by stripping the Yakama nation of our right to exclusive use and advantage of our territory. On June 29, 2010, the IRS sent a letter to Chairman Harry Smiskin announcing yakama nation addit for fiscal years 2009, 2010 and 2011 with respect to per capita trust distributions in the Yakama nation. This audit represents another attempt by the United States Government to tax our individual distributions of our trust resources. Originally, the U.S. Department of the Interior ('DOI') issued an opinion to the IRS in 1957, clearly stating that the distribution of our trust resources is not taxed. From 1957 to 1983, when the Per capita Act was passed, the Bureau of Indian Affairs (BIA) distributed our trust resources to our members without any tax consequences. In all these years when the federal government administered trust distributions, no tax models were given to the Yakama people. From 1983 to 2010, the Yakama Nation distributed per capita trust resources under the authority of the Per capita Act without tax consequences to our members -- just as our Secretary has done for more than 20 years. The IRS even reported on its website that such distributions were not taxable as recently as November 2011. There have been no changes to the law. There were changes in congressional policy. We are struggling to understand why the IRS has decided to directly contradict such explicit legislation and established federal policy. The trust resources that the IRS has decided to directly contradict such explicit legislation and established federal policy. and its people. These activities employ more than 500 registered Yakma members each year, and their proceeds are supported by the tribal government and members through semi-annual distributions per capita. These distributions are not more than a few hundred dollars, but this amount helps our members pay for basic necessities such as food, clothing and electricity. These practices are in line with the Federal Government's self-determination policy, which aims to help the Yakama people provide basic government services, jobs, and economic security to our members. This is what self-determination looks like. But we cannot hope for self-sufficiency when the Federal Government seeks new ways to impede our protected the land of the Yakma people for our exclusive use and use, and we will not shame them by allowing the IRS to ignore the Treaty of 1855 by accessing our protected forests to take our timber in the form of tax. We therefore ask this Subcommittee to recognize the rights retained by the Yakma nation in the Treaty of 1855 by reaffirming its intention to exempt our trust resources from federal policy. Act Per Capita Act, the congressional authority on which Yakma (and other tribes) depend, was passed in 1983 to provide a legal mechanism for the legislation changed only the name of the agency exporting the examination on the basis of per capita from the Federal Government to the Indian tribe. In doing so, however, the Federal Government reaffirmed its position that the distribution of these trust resources in the yakma nation is taxable. The explicit statement of the Per Capita Income Act states that the distribution of per capita trust resources under the Per Capita trust on behalf of the tribes. Article 117b, entitled Previous contractual obligations; tax exemption, states that distributions made under the Act, including those under section 117a, are subject to the provisions of 25 States .C. Therefore, the simple language of the Per capita Act exempts any distribution of an individual from trust funds to tribal members from federal or state taxes. The legislative history of the Per Capita Population Act also supports our position that Congress intends to exempt all per capita payments from trust funds. Congress has consistently described the purpose of the tax exemption requirement of 25 United States. C Sec. 117b (a) in subsequent legislation that exempts tribal trust per capita from the distribution of taxes. For example, in determining specific exceptions to taxes on Indians, Congress stated: One exception to this general rule is income exclusion, which provides for income that Indians receive from the executive order (Article 7873). See also 25 Us. C Articles 1401-1407 (funds allocated in fulfilment of the United States Federal Claims Court ruling on behalf of an Indian tribe that is then distributed per capita to tribal members according to a plan approved by the Minister of the Interior exempt from tax revenues if the Home Secretary approves such distributions). (Added emphasis). 104 e. 350, 104 Congress; First session, Balanced Budget Act 1995. Congress clearly understands that Committee 117b exempts per capita distributions of trust funds from federal taxes. Given this explicit legal language and the clear expression of the legislative intent of Congress, we conclude that the IRS's attempts to tax our trust resources are simply a deceptive seizure of funds that our people cannot afford to deal with in this economic climate. Once again, we ask you to reaffirm congress's position that our trust resources are not taxable, and we urge the IRS to consult with the Yakama nation on a Government basis to explain its harmful and unprecedented actions. Trust Settlements Resource Management on September 6, 2012, the IRS issued a 2012-60 notice entitled Per capita payments of trust funds derived from U.S.-tribal resource management settlements, but this tax

exclusion did not include the distribution of per capita Trust resources. The Treasury seems to believe that the 2012-2060 notice resolved the whole issue of trust resources, making this hearing moot. Although the IRS notice does not impose appropriate taxes on adjustments relating to the mismanagement of trust resources, their analysis does not reach a logical conclusion: that the distribution of trust resources per capita is not taxable. Notice 2012-60 cites to 25 Us. C sec. 1407 reference in the Per capita by the provisions of 25 United States. C Sec. 1407. The IRS uses the Per capita population law to justify its position that mismanagement funds for distributed credit per capita are not taxable. Where we fail to follow up on the IRS analysis is where this logic does not expand into our trust resources. Why will the Yakama nation enjoy tax-free distributions on timber extracted today? The law hasn't changed. The trees being cut today are no different from the trees that have been cut over the past 75 years. Our confusion is compounded by the IRS's reliance on the principle is the recovery of the settlement to the source of the claim to determine its tax status. In this case, the source is 'mismanaging trust accounts, land and natural resources... The United States retains confidence in the benefit of the tribes. The only word in that sentence that distinguishes the resources of trust in the case in our case from the trust resources covered by trust settlements is mismanagement. To follow this difference to its logical conclusion, if the Yakama nation continues to manage its trust resources by the United States, our trust resources will not be taxable. But if our credit resources are not mismanaged by the United States, our resources are not mismanaged by the United States, our resources are not mismanaged by the United States, our trust resources are not mismanaged by the United States, our resources are not mismanage Subcommittee to reaffirm Congress's intention to exclude our individual distributions of trust resources from taxes, and to prompt the IRS and the Treasury Department to the Government. The exclusion of resources to determine federal benefits is not limited to the effect of changing IRS policy on the final amount of taxable income on our members' tax filings. This policy change will directly affect the eligibility of our members for the federal benefits they rely heavily on. In the wake of the Per capita act, federal benefits have issued regulations that exclude the distribution of trust per capita of income. In essence, the agencies have determined that this tax-exempt income should force the Ministry of the Interior, the Ministry of Health and Human Services, the Ministry of Housing and Urban Development, the Department of Social Security, the Ministry of Education and the Ministry of Agriculture to begin calculating the distribution of trust resources per capita as income. Such a policy change is not supported by the intention of Congress and will have a very detrimental impact on the people of Yakama. First, after the passage of the Per capita Act in 1983, Congress stated that the distribution of trust resources per capita should not be considered income for the purpose of determining eligibility for federal benefits. In particular, Congress interpreted 25 language tax exclusions in the United States. C Sec 1407, to exclude trust resource distributions per capita from determining income for federal benefits as well. When describing the purpose of the Per capita Act, Congress stated: Prior to the enactment of the Tribal Per capita Distribution Act (P.L. 98-64), per capita payments were excluded only from Indian government funds (and purchases made with interest and investment income owed) from consideration of income or resources for federally subsidized programmes. (Indian Provisions Distribution Act, P.L. 93-134, as amended by P.L. 97-458). The Government has also established a national commission to provide as much as possible to the police. (Added emphasis). 102 S. Rpt. 214, Bill S. 754. This language is not only evidence of Congress' intention to extend the tax-exempt language in the 1407 Board of Directors to trust funds; it also represents congress as evidence of Congress' intention to extend the tax-exempt language in the 1407 Tax Board. Furthermore, it expands the language of income exemption from The 1407 Board to per capita distributions of trust funds. The language could not be clearer. Secondly, this Subcommittee should take a moment to consider the implications of the new IRS policy -- which should be taxable trust resources and therefore cannot be included as income to determine federal benefits -- on the Yakma nation and its people. The People of Yakama are rich in our traditions and culture, but we are financially inneed. Our people are forced to make decisions that people will not have to make. Do you have to pay for the heat during winter, or warm winter clothes? Do you have to buy food for your family, or medicine for your family, benefits and refuse to distribute them to the individual? Our trust resources are protected by a federal treaty, federal law, and federal reaty, federal law, and federal common law. changing its policy also undermines the will relationship by utilizing the beneficiary's trust resources. We are forced to blatantly attack the IRS by asking this subcommittee to make another statement that our trust resources are not taxable and should not be included in the income determination for federal benefits. What can the Yakma nation do more to ensure that the federal government leaves our resources alone trust! In addition to the insult to injury, the Yakma Nation has requested, in writing, government-to-government consultations from the Treasury and the Tax Service on their changing tax policies with regard to the distribution of per capita trust resources, and none of the Agency has responded to our requests. When the Yakma Nation was asked to speak before the Senate Committee on Indian Affairs on June 14, 2012, I sat before President Akaka and the distinguished members of the committee -- on the same team with the IRS and the Treasury Department. Again, we heard nothing. In July 2012, the Yakma Nation requested consultations with the Treasury Department, the Department of the Interior, senators, the Congressman and the President of the United States. President of the United States. President Young and Congressman and the President of the United States. creating such uncertainty for our people. The federal government owes a responsibility to trust the tribes that are consultation, and President Barack Obama on November 5, 2009, requires federal agencies to consult government-based government with Indian tribes on issues with tribal implications. The term tribal monuments includes policy actions that have significant direct effects on an Indian tribe. If the IRS's interpretation of the National Income Per Capita Act becomes an acceptable federal policy, there will have direct and immediate effects on my people. The taxation of our timber trust resources, protected by the inherent sovereignty of the Yakama nation, the Treaty of 1855 and federal law, requires our members to further reduce their standard of living. Moreover, the Treaty of 1855 guaranteed the Yakama nation the right to present its grievances to the President of the United States, which was popularly understood as an express right of consultation. Because the changes envisaged in the IRS interpretation of the Individual Act will directly affect the Yakama nation repeats its request in the register for a meaningful purpose. Consultation with the Treasury and the Tax Department. We ask this subcommittee to urge the IRS and the Treasury Department to consult with the Yakama Nation on a Government basis to the Government as required by the responsibility of federal trust towards Indian tribes, Executive Order 13175. 2. Based on the Treasury Department of the IRS and the IRS trust resources of the Yakma nation, the distribution of our per capita trust resources is not taxable. The Treaty of 1855 reserves the right to exclusive use and use of our territory, which the IRS does not consider taking from each tree cut on yakama reservation in the form of a tax. The explicit language of per capita law and legislative history supports our interpretation that the distribution of per capita trust resources is taxable. The IRS Notice 2012-60 uses the Per Capita Act to justify its conclusion that distributions of settlement funds aimed at compensating tribes for mismanagement of trust are not taxable, but the analysis itself is not expanded to our trust funds because they do not appear to be mismanaged? Such an analysis is absurd. Finally, the Federal Government and the Yakama nation have been distributing the yakama nation's per capita trust resources for nearly 75 years without taxation. I have to ask a simple question: Why now? On behalf of the Yakama Nation, I respectfully request that this Subcommittee (1) reaffirm congress's intention that the distribution of trust resources per capita is not taxable, and (2) facilitate consultation between the IRS and the Yakama nation. Thank you for giving the Yakama nation a voice on this very important issue. Kotanoshash Chitkoy. ___Following: [Graphic] [TIFF Delete] 85943.003 .eps [TIFF Delete] 85943.004 .eps [TIFF Delete] 85944 .eps [TIFF Delete] 85943.006 .eps [Graphic] [TIFF Deleted] 85943.007 .eps ------ Mr. Young. Ron Subah Bayan of The Unraple Ron Subah, Vice President of the Confederate Tribal Council of the Warm Springs Sanctuary of Oregon Mr. Subah. Good morning, President Young and honorable subcommittee members. My name is Ron Subah, and I'm vice president of the Oregon Tribal Warm Springs Council. Thank you for asking Home Springs to share its recent experience with the Internal Revenue Service and its efforts to tax the very modest distribution of revenue generated by our tribal members from tribal trust resources. Warm springs are a timber tribe. For nearly 60 years, the tribe has made very small periodic payments to our tribal members from the revenues, called logs, generated by the sale of tribal timber, our main trust resource, are paid to the Ministry of the Interior and held in a trust account for the tribe. Payments from the tribe's trust account go to all registered members in equal amounts, and therefore, individual payments are called. While modest in size, 60 per cent of people living in the Warm Springs Reserve are unemployed. These payments are therefore very meaningful. The tribe has always considered that these payments to tribal members cannot be paid to our tribal members per capita. Let me give you five obvious reasons: the first is our treaty with the United States Government in 1855, in which our tribe ceded 10 million acres of land was reserved for our tribe with language ' for exclusive use and to take advantage of the tribe. It is clear that our land and income directly from our land cannot be taxed by the United States. Second, the 1956 U.S. Supreme Court decision, called Squire v. United States. Kabuyan ruled that the wood cutting payments made to a tribal member from these trust allocations were not taxable. Thirdly, the opinion of the Office of the Interior Attorney the following year, 1957, concluded that the Square Principle v. Court. Capoeman applies to timber trust, not just allotments. Fourth, Congress protected the non-profit nature of tribal trust per capita Act in 1983. The Commission's staff has since told us that they have always viewed per capita trust payments as unemployable. In order to reflect this understanding, Article II of the Per Capita Act 1983 clearly makes it clear that per capita trust payments, even if they are paid by tribes and not by government, will remain tax-free. Fifthly, this issue is legally resolved for all but the IRS. In the Indian Law Manual, for example, stating that per capita trust payments are taxable and cites the Per capita Act of 1983, imagine our surprise when we advised the Office of Internal Revenue in Portland, Oregon, in March this year that the IRS now considers our per capita credit payments taxable. They requested the names and addresses of all of our registered members, apparently so that the IRS could review their tax returns and claim additional tax due on their payments for the confidence of the individual's warm springs. Of course, we refused to provide that information. The IRS has put its new position is that per capita members are taxable when obtained in timber proceeds from unstained tribal lands maintained by trust. This is the opposite of nearly 60 years of IRS practice. We've been trying to consult with the Treasury Department told us that they could not consult with the tribes because we were under tax scrutiny or audit. However, we joined the National Conference of American Indians and held some limited meetings with government officials, although the issue remains unresolved. Last week's Treasury Department direction. In fact, the Treasury relied on the Per capita Act of 1983 to conclude that per capita payments from recent settlements were not profitable. Let me quote from the language of guidance: therefore, for federal income tax purposes, per capita payments made by an Indian tribe from the proceeds of the settlement of tribal trust issues to the tribe are treated with the same per capita payments as the Home Secretary's funds in a trust fund under the Per capita Income Act. This statement does everything except fixed amounts declaring that per capita payments of trust under the Per capita Act, such as warm, tribal trust payments to a person regardless of whether these payments are made by tribes or by the government? However, as is the case now, the Warm Springs tribe's disputes with the IRS continue, and the issue remains unresolved. Mr. President, this subcommittee is the legislature that such instructions to the IRS may resolve this issue very well. Thank you, Mr. Young. My name is Ron Subah, and I'm vice president of the Warm Springs or Tribe). to tax the very modest distributions of revenue that our members of our tribe have made from the use of tribal trust resources. As a backdrop, you should know that warm springs are a timber tribe and for nearly sixty years the tribe has made periodic and very small payments to our tribal members of revenue - called logs - generated by the sale of timber, we have the main source of confidence, paid to the Home Office and booked into a trust account for the tribes are not taxed. In 1956, the United States Supreme Court's decision called Square v. United States. Kabuyan ruled that the payments of wood parts to a tribal member from his credit allocations were not taxable. The opinion of the Office of the Interior Ministry's Attorney's Office concluded the following year that the Square V Principle was concluded in 2002. Capoeman applies timber payments to timber tribal trust, not just allotments. If there is any doubt about the untaxable nature of tribal confidence per capita Act in 1983 (Act 98-64, 25 United States. C Sec. 117a-c). In fact, the house version of this legislation originated in this Committee. According to Frank Duchno, the committee's retired lawyer who drafted the 1983 legislation and the Commission's report (House Report 98-230), the purpose of the law is to provide tribes with the option of making per capita payments to Treasury Checks. Treasury cheques have become a source of misunderstanding with many non-Indian companies that have disbursed the cheques, believing that they represent the delivery of the Government, rather than the funds of tribal nembers created from the use of tribal-owned trust resources. Mr. Ducino recently explained that he and the Commission's staff had always considered that per capita trust payments were tax-taxed. It is feared, however, that allowing tribes to make their own credit payments per capita, rather than continuing to make payments to the Government, may lead the tax authority and government revenue agencies to question whether payments are now taxable in some way. To protect against this misinterpretation, Mr. Duchinao included language in section 2 of the Per capita Act 1983 that showed that per capita payments of confidence under the same tax exemption status as payments under section 1407 of the Indian Tribal Government Act (25 United States). C Sec. 1401-1408). The reference reference to the tax exemption for payments made under other Indian legislation was intended to make it clear that all per capita payments of confidence under the same treatment as Indian claims distributions and settlement funds. More importantly, the reference to article 1407 also means that the distribution of per capita confidence under the Per capita Act will not be counted as income or resources to determine eligibility for social security law or other federally funded programmes based on needs. As I mentioned earlier, warm springs have long been believed to be the untaxed nature of per capita payments of trust settled by law. In fact, the tribal prosecutor showed us where the pioneering compilation of Indian black lettering law, Cohen's guide to Indian federal law, states that per capita Act of 1983. So, we were very surprised when we advised the Office of Internal Revenue in Portland, Oregon, in March this year that the IRS now considers our per capita income payments taxable. They requested the names and addresses of all of our registered members, apparently so that the IRS could review their tax returns and claim additional tax on their Warm Springs payments. Of course, we refused to provide this information. Ever since the IRS told us about her new position, which we believe reflects nearly 60 years of IRS practice, we've been trying to consult with the Treasury Department told us that they could not consult with the tribe because we were under tax scrutiny. However, we joined the National Conference of American Indians and held some limited meetings with government officials, although the issue has not yet been resolved. As you know, last week the Treasury Department issued a notice of guidance (2012-60) on federal income tax treatment of per capita payments from settlement proceeds from Indian tribal trust cases. This directive has resolved an issue that, although separate, relates to the issue of our individual confidence. The directives provided a welcome declaration that per capita payments from 55 recent tribal trust accounts. Last week's guidance is a step in the right direction, and the notice contains language supporting our interpretation of the Per Capita Act of 1983. In particular, we were pleased to see that the notice referred to the 1983 House of Representatives report on the Per Capita Act, Which states that the distribution of per capita tribal trust income must be subject to the provisions of [25 Us.C. 1407] with respect to tax exemptions. Our legal arguments referred to the IRS in the same language in the House of Representatives report to support our position that the Per Capita Income Act. We were also pleased to see that the indicative notice notified last week relied on the Per capita Act of 1983 in conclusion that per capita payments from recent settlements were taxable. Let me quote the language of notice: Therefore, for the purposes of federal income tax, per capita payments that The proceeds from the settlement of the tribe's status from the tribal fund are treated with the same payments as the individual's payments from the funds held by the Minister of the Interior in a trust fund under the [Per capita Law] (confirmation added). In our view, this statement from last week's guidance on recent settlements does everything but fixed outside declares that per capita trust payments under the Per Capita Act, such as warm springs tribal timber payments, are taxable. In fact, the guidelines use the same legal reference referral technique as the Per capita Law (which refers to section 1407 of the Indian Tribal Government Funds Act) to declare payments from trust settlements as non-taxable. However, our disappointment is that last week's directives did not go far enough. In a section called 'Restriction', the guidance notice declared that '... Applies only to per capita payments of revenue on tribal fund status adjustments ... Our case, which is the tax treatment of other per capita payments made by the Minister of the Interior or Indian tribes to indian tr directives clearly state that the Per Capita Act exempts all tribal trust payments to a person, regardless of whether these payments are made by tribes or by the government? We don't know. However, the directive not to make such a statement does not live up to this. Accordingly, as is the case now, the Warm Springs tribe's dispute with the IRS remains unresolved. We urge this Subcommittee, as the legislature that passed the Per capita Act in 1983, to inform the IRS of the clear legislative intent of the commission contained in the 1983 Act to confirm the status of tax exemption for payments made by individual trust, both by tribes and the Government. We believe that such instructions to the IRS may resolve this issue very well once and for all. We appreciate the leadership of this subcommittee on this particular issues in India: the ability of tribes to obtain tax-free funding; the ability of the commissions to provide tax employment opportunities; and access to funding by other government entities; and access to funding by other government entities; and access to funding from other government entities; and access to funding by other government entities; acc development employment, exemptions from community-based public welfare assistance for its members; equality in tribal pension programs; and issues that warm the National Congress of American Indians are working on a solution. Thank you. Mr. Young. John Serwa, please. Statement by The Unraple John E. Serwa, President, Confederate Tribes of Mr. Colville's Reservation. [Speaking Okanagan Salich.] Good evening, President Young---- Mr. Young. Speak to me in your language. I wish you had said, 'Good morning, thank you for the hearing' if I said something else, I have a back translator who is going to I'm not going to do that. Yes, the President. I said: Good day and thank you for being here and listening to our hearts. Because we come here talking from our hearts, and we share these things with you. Mr. Young, this makes me feel better, Mr. Serwa, so my name is John Serwa, I am president of the Colville Business Council, the governing body of Colville Indian Reservations. On behalf of the Colvey tribes, I appreciate this opportunity to testify to the per capita law and the federal treatment of the distribution of trust to give you an idea, The Cole Reserve is located in north-central Washington, the size of Delaware. Almost two thirds of our reservations are covered with forest land and commercial timber land; About half of our 9,500 registered citizens live in or near the Colville Reserve. For decades, there has been a bright line that individual distributions of funds in tribal trust fund accounts are not taxable. The Colville tribes are concerned about reports that the IRS has questioned the Per Capita Income tax for the distribution of per capita credit accounts. I have three main points that I would like to point out today. First, trust funds have always been treated as non-profit. It has long been known in an Indian country that the surest way to protect the distribution of funds from a trust account. As my written testimony makes clear, the Per Capita Act in his face states that the distribution of tribal trust's per capita accounts is tax-exempt. Historically, the Colville tribes have made modest per capita distributions of our tribal trust account. Other federal agencies also considered the distribution of tribal trusts per capita tax-exempt. Over the years, the Colville tribes have worked closely with the Special Guardian Office to ensure that the proceeds of our trust resources will be accepted in tribal trust accounts. Secondly, the Colville tribes to settle their mismanagement claims of trust against the United States last spring. Because of the Per capita act and the tax-free treatment of per capita trust, we have insisted that the funds derived from our trust settlement are held in the form of honesty. The United States does not want to hold any trust funds because it does not want to be responsible for the mismanagement of such funds in the future. We had to negotiate this provision because we knew our tribal citizens were expecting at least some compromise. Individual. We wanted to ensure that these funds from taxes in our negotiations. All of the government's lawyers concerned understood this, and the Government acknowledged that there was tax value for the tribes - especially us - in depositing funds into a trust account rather than a private account. The Treasury Department was a defendant in our case, and treasury lawyers participated in our negotiate any settlements funds in the Trust Fund. As tribal communities across the country began to identify tribal settlements and claim per capita distributions, the tax status of the settlements took centre stage in the Treasury and tax. This prompted the Treasury department and THE RRS to issue the September 6 notice. distributions from non-monopolistic accounts, the same adjustments from credit accounts. Thirdly, the Treasury Department and rsr should issue new guidance on per capita law, and Colville and other tribes have relied on the long-term treatment of the Per Capita Tax Act as tax relief for decades, as other federal agencies have done. As I mentioned, even during our settlement negotiations, the Government recognized the tax value of the tribes in depositing settlement funds into trust accounts for the distribution of per capita. In conclusion, the Colville tribes believe that the Treasury and RSRS should issue new directives that the Per Capita Act provides for tax relief for all individual distributions from tribal trust accounts. If they do not consider the Per capita act to be valid tax relief for all individual distributions of tribal trust accounts, this position cannot simply be reconciled with the 6 September notice. This concludes my testimony. [Speaking Okanagan Salich.] At this time, I am happy to answer any questions that the members of the Subcommittee may have. [Mr. Serwa's pre-prepared statement:] A statement from The Times's John E. Serwa, Chairman of the Confederate Tribal Council of Colville, held out the good afternoon of President Young, a prominent member of Logan, and members of the subcommittee. On behalf of the Confederate tribas of the Source (Colville Tribas), I appreciate the opportunity to testify today to the Per capita law and the federal treatment of per capita trust distributions. My name is John Serwa, and I am president of the Colville tribes. For decades, there has been a bright line - individual distributions of funds in tribal trust accounts are not taxable. Cole tribes are concerned about reports that the interior This is even more intriguing in the light of the recent notice from the Treasury and the Tax Service that individual distributed from private, non-trust accounts. The Treasury and RS should issue new directives that unequivocally state that the Per Capita Act constitutes an explicit tax exemption for all funds distributed per capita from tribes in the Colville Reservation are, as the name goes by, a federation of 12 indigenous tribes and gangs from all over eastern Washington State. The Colville tribes have more than 9,400 registered members, making them one of the largest Indian tribes in the Pacific Northwest. About half of the Members of the commercial forest in several areas of business, they have traditionally relied on timber sales and their forest products industries as primary sources of employment and revenue to finance tribal government programmes. The Colville tribes have a traditional sawmill, Indian Pine Precision Colville ('CIPP'), and plywood facility, Indian Cool Power and Veneer ('CIPV'). Each of these facilities is located in Omac, Washington. The downturn in the housing market forced the Colville tribes to make the difficult decision to close CIPP in 2009 and CIPV in 2010 until market conditions improved. The closure of these facilities resulted in the loss of some 400 jobs, including secondary jobs such as contract logging companies and utility-supported truck drivers. These facilities remain closed. Prior to the market downturn, the Colville tribes were able to use their timber sales revenues to provide tribesmen with modest payments per capita. season, respectively. The Per capita and historical tax treatment of tribal trust accounts per capita act (25 U.s.s..C.s. sec. 117a-117c) was signed into law in 1983 and allows the Minister of the Interior or Indian tribal trustfunds under the law are subject to a tribal trust fund (25 .C. 1407) of a separate federal law called Indian Tribal Money Rule Employment or Distribution System are not subject to the distribution Act (UDA). Article 1407 of the Data Distribution Act (UDA). Article 1407 of the Data Distribution System are not subject to the distribution Act (UDA). certain federal or federal programmes receiving assistance of \$2,000. When read together, the Individual Act and UDA treat those funds distributed per capita from tribal trust accounts and does not include any interest or protection of funds distributed by tribes to the individual from private non-trust accounts. The Ministry of The Interior ('DOI'), through the Special Guardian Office (OST), will only accept certain funds for deposit in trust accounts under its regulations. Examples of funds that can be deposited include proceeds from timber sales, payments from leases or other obligations on Indian land, and funds directly derived from trust land or credit resources when paid directly to the secretary, among other things. For decades, the IRS has not considered individual distributions from trust land or credit resources when paid directly to the secretary, among other things. the Indian country that the surest way to protect the distribution of funds only from tribal trust accounts. In the Kolville experience, the Outer Space Treaty was aware of, and likewise, not aware of the federal tax treatment of funds distributed per capita from tribal trust fund accounts. The Colville tribes have previously worked in cooperation with the Outer Space Treaty to demonstrate that some tribal revenues can be deposited under trust under the Regulations of the Outer Space Treaty. For example, former OUTER Space Treaty officials informed the Colville tribes that since the Indian Gaming Regulation Act expressly states that individual gaming income distributions are taxable, OST must be very careful to ensure that no acceptable funds are included in the trust in mixed gaming revenue. The SPOA initiative and treasury notice about the distribution of per capita tribal trust settlements earlier this year, the Colville tribes and several dozen other tribes resolved their accounting claims and mismanagement of trust against the United States through an initiative commonly referred to as the Settlements with 41 tribes, including the Colville tribes. Other tribes have since reached settlements. The \$193 million Kolfel settlement was the largest settlement in areas in the Barbados region. United The position was taken during The Sava process that any payments for the settlement of tribes must be deposited in private non-trust accounts. The United States also wanted to prevent the Treasury Department from accepting settlement payments in trust accounts at a later date. The United States wants these provisions to ensure that they are not responsible for the mismanagement of settlement payments (\$38.6 million) in a trust account rather than in a private non-trust account as the United States would like. The Colville tribes have compromised this provision, knowing that their tribal membership expects to distribute at least some tribal settlements per capita and protect those funds from federal taxes. Our representatives made these points clear during the negotiations, and government lawyers acknowledged our justification for doing so. Because the Treasury Department was a defendant in the tribal case, treasury lawyers also participated in our negotiations. After the announcement of the Spoa settlements on April 11, it was found that the Colville tribes were one of the very few tribes that had settled on that list to successfully negotiate any settlement proceeds in a trust account. Other tribal settlements have deposited settlement payments in private accounts with a continuing ban on future trust. Of the tribes was the largest to be held in a trust fund. As tribal communities throughout the country began to identify their tribal settlements and began to demand the distribution of per capita population, the tax status of the Sabua settlements seemed to have taken centre stage in the Treasury and tax. The focus on settlement taxes has shifted resources from other Indian-related issues, such as the IRS's implementation of Indian provisions of the 2010 Affordable Care Act. All this eventually led the Treasury department and RRS to issue a 2012-60 notice, per capita payments from the proceeded to state that all per capita payments from social settlement adjustments imposed on national accounts were treated for federal tax purposes the same as the per capita Act. The government's decision to suspend the work of the Security Council is a matter of concern. The notice goes on to conclude that the interest earned by SPOA Proceeds while in a private bank account is taxable income when distributed per capita. The Treasury and RSS should issue new guidance on the Per Capita Income Act, and tax-free treatment for the distribution of per capita tribal trust accounts has always been a bright line in the Indian country. In the light of the issuance of the notice, it would be unreasonable to consider the per capita distribution of timber or other trust resource income from tribal trust fund accounts as taxable. For decades, the Colville and other tribes have not relied on the long-term treatment of the Income Per Capita Act as an exemption, but other federal agencies such as the Outer Space Treaty have also recognized this treatment. With the issuance of the notice, the Treasury and RS should take this opportunity to issue new guidance that the IRS has questions or concerns about the types of revenue sought by the Outer Space Treaty for deposit in the form of a secretariat, the OUTER Space Treaty regulations provide clear guidance. In the Kolville experience, the OUTER Space Treaty is well suited for evaluating these requests, and this has been done with the tax implications in mind for many years. The Kohl tribes appreciate the subcommittee's consideration of this testimony. At this time, I am happy to answer any questions that the members of the Subcommittee may have. Mr. Young. I thank the team. That's one of the bad things about this body now we have to go vote and you're free to go for a cup of coffee, do what you want to do. We'll be back here at about 12:25. I apologize for that I have no control over that. In the old days, we had agents, and we could have a good time. But we can't do that anymore, we want to look good in the public eye, so I apologize and thank you for your testimony. However, we are now on holiday until 12:25. [Break.] Mr. Young, the committee is out of recess and I acknowledge the questions he asked the eminent member, Mr. Logan. Mr. Logan, thank you very much, Mr. President. Ms. Jacobs, the tribal trust lands are not taxable and the law has been settled for some time. Are trust lands that tribes can distribute on a per capita basis to their members treated differently for tax purposes? Mrs. Jacobs, thank you for that question, Congressman. I believe that this reference to settlements is the first time that the Internal Revenue Service has spoken to the Per capita Law, which you are referring to and has been in force for some time. Although the notice does not directly address the treatment of distributions -- per capita distributions under The Individual Act of Tribal Members is a tribal trust resource, and I believe that the legal reasoning underlying the special notice we issued last week would support that those payments would not be alone as income. Mr. Logan, for the record, what is the IRS's practice of tax treatment to distribute per capita income from tribal trust from natural resources? Mrs. Jacobs, well, congressman, as I said, maybe I need to give a little background. It's not an issue that often appears to us, as I understood. As I said, we have not issued any directives since the per capita act in 1983, particularly on this subject. So this is the first time we've dealt with that at all. Mr. Logan in her recent guidance on the status of tax relief for settlement funds, the IRS relied on, I quote, the source of the funds and the assets of the principles of claims in their decision. If we follow this logic, should the per capita income derived from trust resources be equally tax-exempt? Mrs. Jacobs, congressman, I think there are two different legal principles in working on those questions. With regard to settlements, we needed to consider the origin of the claim, because we were dealing with a settlement issue. For items placed in a trust fund and then distributed per capita act, this would indeed depend on the law of per capita act, the law of per capita the log screen of the IRS website. [Note: The screenshots of the IRS website have been kept in the commission's official files.] Mr. Logan And Mrs. Jacobs, why is there a difference in politics from November 18, 2011, to April 3, 2012, which is when these screen shots were taken? The answer to the IRS website have been kept in the commission's official files.] Mr. Logan And Mrs. Jacobs, why is there a difference in politics from November 18, 2011, to April 3, 2012, which is when these screen shots were taken? any per capita distributions exempt from federal income tax? the IRS answered this question reported on November 18, 2011, yes, when distributions of the origin of the trust and income held by the Home Secretary, with whom I agree. What the screenshot says now is, yes, capital distributions and interest made from land claims settlements or judgment funds held on trust by the Home Secretary are not taxable. Why was that language taken out? Mrs. Jacobs is a congressman, and I'm not aware that there's been a change on the site. I can look at it and I know there was an effort to simplify the issues, and that was probably a general part of that. But there was no particular reason and I knew that one question would have changed. Mr. Logan so it seems to me that's why we're here today. And not to simplify It changes what is tax-free and the direction to the constituencies. I also think my follow-up questions are: Is there anything that can be done administratively by the IRS to clarify that these are tax-free dollars? Or is legislation required? Ms. Jacobs, congressman, I think we're pointing out in the notice that more guidance may be issued on the broader issue of income from the same tribal trust assets as opposed to the context of the settlement. We have legal reasoning in the notice, and I think it is possible to make some changes to clarify things administratively through routing as well as changes to the site. The problem with changing the site is that it is not a reliable router. We want to do something that people can count on. Mr. Logan and finally, Mr. President, if I may, with my time running out, I hope that if we can do so, perhaps we can also reissue a letter addressed to confederate tribes in the Warm Springs Reserve in Oregon on April 20, 2012, from Mr. Joe W. Kincaid, whose final paragraph states: As noted throughout, the IRS position is that per capita is taxable on members when it is obtained in timber proceeds from unalled tribal lands held in Trust. If we can do this administratively, I think it will change the direction of what happened with these tribes as well. And Mr. President, this will certainly make things a lot easier, sir. Mr. Young, thank mr. I have to tell you that I'm a bit confused. It states that other per capita payments made by the Minister of the Interior to Indian tribes are outside the scope of the notice and can be addressed in additional guidance. So when that notice was made, what do you expect to be, one, out of the notice? Are there any examples you can give me? And, two, how do you intend to address them in further guidance? Mrs. Jacobs is sure. Thank you, Congresswoman, for this question and the notice is limited to the context of the settlement. It was therefore also the subject of intensive consultation with tribes affected by the settlements. We therefore did not address the broader issue of the distribution of tribal trust tribes. We would like to consult more broadly. So be one of the types of items that are not necessarily covered in this notice. In addition, we are likely to seek to do so through a different form of guidance, which usually takes longer than time, which we call a provision on revenue or revenue or revenue or revenue for the notice applies to the type of payments we are talking about, and per capita distributions pursuant to the tribal trust's per capita income law. Lady Hanabosa so I correctly understand you that, one, the fact that the asset is the origin of trust - in other words, they are tribal assets but held in confidence - at the point at which per capita distribution can be made that does not mean that it cannot, I think, rise to the level of a taxable event? That's something you're still looking at? Do I hear you right? Ms. Jacobs, Congresswoman, I think we're saying in the notice that the Per capita law -- if we're talking about distributions of pre-detainees versus individual -- trust assets held before, those distributions are subject to per capita law and will not be taxable. There may be instances where tribes use income from a trust asset and make an amount that does not represent per capita payments under the Per capita payments under the Per capita payments under the pacts. Mrs. Hanabosa even took this discussion even further, if, for example, individual files have been filed and settled the common language we use here - and as a result of this settlement becomes tribal assets - in other words, it does not specify you in particular. This is not for Mrs. Jacobs this is the tribe - which she believes, given this notice, I would then assume that it does not lead to a taxable event for any kind of distribution to the individual as a result of that settlement. Will I be right about that assumption? Mrs. Jacobs, well, congresswoman, if what we're talking about is... If the settlement is a trust fund issue, this notice indicates that payments from such settlement is a trust fund issue of the origin of the claim. Lady Hanabosa therefore it seems almost like what this notice says to the tribesmen or tribes themselves does not bring anything in terms of the individual's right but must bring things in terms of - which may reinforce the concept of their Indian country's interests that the interior is going to tax you. Mrs. Jacobs, congresswoman, I don't think that's the point of the notice. The notice did not address individual trust claims. This consideration should be considered separately. In the end to say that this is all that applies to this, you almost by insinuation tell them or telegraph to the tribes that if they are brought In any form other than tribal assets, you stand in danger or you are at risk that it will lead to a per capita tax issue. This is going to be an easy read for this, isn't it? Mrs. Jacobs, congresswoman, I think other laws will apply to individual litigation, Indian trust. I do not believe that we intended in the notice more than just to address these cases and to settle them. This language that limits it is intended to indicate that this notice is limited to those cases that are listed at the end and which we expect to be added to that list approximately 10 to 11. Mrs. Hanabosa of trust assets that will be -- there are approximately 11 other settlements we expect to be similar to the 55 we list in the notice, and those will be exempt under logic from this notice. Mrs. Hanabosa, Mr. President, I will go back. Mr. Young, thank you Mr. President and for director (Jacobs) I just wanted to ask you some clarifications about some of that discussion that you have also made but the notice that you are referring to, is that notice 2012-60? Mrs. Jacobs, yes. Mrs. Noim. Ok. The specific question I have is how to treat that specific income that will come from timber leases or grazing leases, and income from timber leases or grazing leases. And income from timber leases or grazing leases, and income from timber leases or grazing leases. Jacobs, well, congresswoman, as we discussed, the notice itself doesn't directly address those kinds of payments. This is per capita payments made through the settlement would, I believe, support the position that such payments would not be taxable. Mrs. Noim. Ok. So when you're looking at each of these cases, is there a great deal of provision that needs to be used in each specific case individually by the IRS when they decide whether or not to tax this type of income? Mrs. Jacobs, well, congresswoman, in the context of scrutiny, things are getting pretty real. So if we are talking in terms of a specific issue, we are of course looking to see if, in fact, something was done under the Per capita Law, for example, or to verify any amount that might be in a general context. If you take a discount when you return, we'll consider whether we have documents for it or not, that kind of thing. So, this way, it's going to be specific. But we don't have any specific effort to look for these payments or to make this issue affect, and I think we're trying to issue general guidance so that people can get more clarity about these settlements in particular. And as we've pointed out, You will need to do this in the future for the broader issue. Mrs. Noim. Some of your previous testimony, given on the Senate side, seems to have been some conversation trying to get an explanation about what politics really is, and that there was no new policy that was what your testimony was but there was never a clear definition of what politics actually is. So if you want the opportunity to clarify what that day will be like, I would certainly be grateful for that. Mrs. Jacobs, well, thank you, Congresswoman, and I think in the notice we're trying to point out that we want to have more consultations with the tribes on the issue of tax treatment of tribal trust assets, as referred to in the Per capita Act. However, the legal analysis in the notice indicates that those are not taxable. I think we need more talks with the tribes. This is legal analysis. Mrs. Noim. Thank you. I appreciate it. That is why, Mr. President, I back down. Mr. Young, I thank The Good Lady. Mr. Logan, do you want to follow-up. I appreciate the line of questioning as well. I know that the IRS will not comment on individual audits or pending procedures. However, I would like to know why we are hearing reports from tribal leaders testifying today that the IRS's work in this area is inconsistent with the existence of audits as well as any specific details about them. But it might be useful if I explained in my experience when the guidance comes out what would happen if there was an open question for the audit. It usually occurs on published guidelines that are widely applicable come out, then any open review that has the issue in it is evaluated on the basis of guidance; the position in the audit will be taken in accordance with the published position. So this process, as you can imagine, takes a bit of time. We've only been announcing a week ago so we're too early to become public. In fact, it was only able to be posted on the site yesterday. So this is the normal process to be evaluated and any audits are in line with the situation. Mr. Logan, And I appreciate that explanation, Director. think that will help shed some light on what we are trying to achieve here. Thank you very much. We look forward to seeing that as well. Again, any other letters or documents may be resubmitted to some tribes -- those I mentioned from April 20 to Confederate tribes in Oregon's Warm Springs Sanctuary. Thank you, Mr. President, Mr. Young. Mrs. Hanabosa You know, there were tribes that assumed that It was, I think, the situation until Carceri's decision came out. Have you considered how this decision will affect the question of when their income or distribution sits on individual tax? These tribes are recognized after 1934. Did you look at that? No, we haven't looked at the effects of Carceri's decision. Mrs. Hanabosa, do you expect that Carceri's decision will have an impact on how the IRS views whether it will lead to tax income because of their post-Carceri status? Mrs. Jacobs, congresswoman, I'm simply not ready to answer that question. We have not looked at that and the impact of that at all. Mrs. Hanabosa well, let me ask it this way: Was there any consideration or concern on the part of the IRS that this particular decision might change your interpretation of the individual tax on those tribes that are after 1934? Mrs. Jacobs, no, Congresswoman, I don't think we at the IRS have looked into this issue and we were worried. But any of us who work in an Indian country are generally concerned about this decision and are waiting to see how it will affect any of our agencies. Mrs. Hanabosa had there been no attempt on the IRS part to discriminate as you issue notices to tribes that don't cover because - well, let's just say the tribes that may be the tribes that don't cover because - well let's just say the tribes that don't cover because - well let's just say the tribes that may be the tribes that don't cover because - well let's just say the tribes that don't cover because - well let's just say the tribes that may be the tribes that don't cover be cause - well let's just say the tribes that may be the tribes that may be the tribes that may be the tribes that may be the tribes that may be that may be the tribes that may be that may be that may be the tribes that may be the tribes that may be the tribes that may be that may be that may be the tribes that may be tribes that may be tribes that may be tribes that m affected by Karserire will still benefit from the interpretation of this notice with regard to reliable assets? Mrs. Jacobs. So if this issue. Lady Hanabosa so let me understand as simply as I can. So what this notice basically says now is that, for example, if interest income is derived from an asset such as income from timber, the interest income, when given to members, would lead to a taxable event? Mrs. Jacobs, no, congresswoman. If we are talking about the interest earned while the trust assets or income of the trust asset sits in trust---- Ms. Hanabosa. Well, what if it's in a bank account somewhere else? Mrs. Jacobs is well, if it's part of one of the settlements that is notified on, I think the settlement makes it clear that once you have in a special account the interest amounts will be taxable. This is the law of a long time Lady Hanabosa but if this amount of interest is held in trust, basically to have some internal account of some kind, that will not lead to a taxable event when it is distributed? Mrs. Jacobs. If interest is earned while the original amount is in a private account, the answer is different. Mrs. Hanabosa, have you discussed this discussion in the amount or interest rates? Is there a difference between what you get if you are held in a trust fund for a contract in a private account? Is there a difference in that? Mrs. Jacobs, congresswoman, I don't have that information at all. I didn't look and I don't know what the rates would be. Lady Hanabosa but certainly if held in confidence she is not taxable; And if you are not held in trust and return say, twice the amount that you will have in trust, would that lead to a taxable event? Mrs. Jacobs. This is the stable position for some time. Mrs. Hanabosa, thank you, Mr. President, Mr. Young. Athens, as far as you know, what efforts has the IRS made to educate tribes about the per capita tax credit ableness? Ms. Sanchi Yaloub. Thank you, President, for the question. The Yakama nation has never been consulted on this issue. The Yakma Nation has received a letter saying that the IRS's understanding of consultation with the Yakama nation. Mr. Young, otherwise, they've notified you that they're going to review you? Ms. Sanchi Yaloub. Yes, that's the only thing. Mr. Young, this is not a proper consultation. Ms. Sanchi Yaloub. No, that's not Mr. Young. In your opinion, did the IRS comply with the President's directives to implement Executive Order 13175 on the federal agency's consultation with Indian tribes? Ms. Sanchi Yaloub. Thank you, President, for this question. In the view of the Yakama nation, the IRS did not live up to the proper executive order to consult with Confederate tribes and Yakama divisions. Mr. Young, the letter i received from the Portland office. Mr. Young of the Portland office, Ms. Sanchi Yalop. Yes. Mr. Young well, well, it's ok Ron, if these trust payments for an individual are considered taxable income, what is their impact on the eligibility for food stamps, social security, and other public assistance? Mr. Subah, thank you for certain services with the revenue generated by our companies. It will have a terrible impact on our tribal membership if those revenues are to be taxable, because we have a very severe financial problem in our country. Mr. Young is ok. If the IRS doesn't change its position -- And I hate to ask this because it makes some lawyers some money -- are you willing to sue? Mr. Subah, I think on a visit with And Yakama, the warm springs have somewhat developed some steps. First, we hope that this Committee -- the appropriate committee to decide on the possibility of resolving this matter -- will do so today, which will be the greatest news we can get. Secondly, if that does not happen and we must continue this battle in addressing this problem from the warm springs, yes, we are preparing for litigation. Thirdly, I believe that if the Commission is going to direct the IRS in one way or another to respect Executive Order 13175 and consult with the affected tribes that would be good. Because I think we're now tucking each other out and nothing is being solved we're just talking about each other across the fence Mr. Young OK. And John, in your tribe's settlement, the government agreed to deposit 20% of the settlement funds into a trust fund that I consider to be a big lawsuit settlement fund, is that true? Mr. Sirwa. Mr. Young is ok. Was there something you had to compromise on? Or how did this happen and what should have given up? Mr. Serwa, thank you, Mr. President, for this question. In the negotiating process, it was essentially clear that we had to negotiate a trusty part of that settlement; that we could negotiate that. And all parties clearly know that we have to compromise on that. Because, otherwise, the remainder of the settlement will be taxed, and taxable income. This was the assumption and direction that the negotiating team had. Mr Young now let me explain this. You've settled down, you're one of 55 tribe, Mr. Serwa. Mr. Young [continues]. Because you thought the remaining amount would be taxable income? Mr. Serwa this is true, Mr. Young and with their guidance they came out and said, this is not taxable income - that's part of it. But any other income from the resources that were the original treaty, the original treaty, the original concept of your reservation, and your nation, was not for tax. Mr. Serwa, that's right, Mr. Young. Christie, I'm a little confused. Where did this idea come from? From which of the brainand from which area of the moon did they come from? Mrs. Jacobs, congressman, can you explain the idea you're talking about? Mr. Young's diary, it hasn't been done since 1983. Mrs. Jacobs, the notice? Mr. Young, the notice? This is where the message comes from. Did he come from Washington? C? Do we have some active individuals who are thinking, oh, we're going to get those Indian tribes, and they have to pay their money? Mrs. Jacobs, it's me. Mr. President, do you mean---- Mr. Young. The idea, the note. Mrs. Jacobs, do you mean the notice? Mr. Young. Mrs. Jacobs, notice 2012-60. Mr. Young, I don't care what it is. Which came in 2011, 2012. Ms. Jacobs, the notice we published last week was the result of requests from tribes and tribal organizations to clarify the treatment of the settlements. Mr. Young, however, they stipulated that because there was an earlier identification notice that they would be vetted. Is that right? Mrs. Jacobs, And I understand, Mr. President, that the tribes that requested clarification were concerned that our positions were not clear about the tax treatment of settlement payments---- Mr. Young, but now we're bringing resources and money into a trust fund. Mrs. Jacobs, well, Mr. President, as we discussed, I am unable to disclose any information about whether anyone has had this issue as an issue in the audit. I cannot confirm the existence of mr. Young's ----. With all due respect to you, you can't say it, but you will well call someone and find out. Mrs. Jacobs is right. Mr. Young because what we're trying to do here is what's right. Not some government agencies have worked these tribes all these years on the basis that they have confidence and when they are primarily distributed the capital of trust to their members income will be infavorable. Now someone came up with a bright idea -- and why, I don't know. Because you think about the income of 90 percent of tribes is less than the minimum tax that they now have to declare which will affect food stamps and so on down the line. You have better things to do, Mr. Logan, so the message you delivered to the President is the one you mentioned earlier on April 20, Mr. President. The individual at least who wrote this or signed his name was Joe Kincaid. Mr. Young, and he's not with the IRS? Mr. Logan. He's with ITG and he's also a group manager. This is the message we cite that went to the Confederate tribes in the Warm Springs Reserve in Oregon on April 20, 2012, that makes this statement there that they keep in trust. That is the very in trust. essence---- Mr. Young. Yes. That's what we're looking for, someone -- I don't know how much money it involves. We'll have to figure out how much money it involves. We'll have to figure out how much money it involves. We'll have to figure out how much money taxable revenue is involved. I have another question and it is my understanding of the funds derived from the trust fund - interest - if, in fact, the tribe to use it in government agencies or within their own government, that is not in the interest; Mrs. Jacobs. Mr. President. If they use their trust---- Mr. Young. Ok. If I were to make a suggestion if each tribe had to employ all their tribal members, you can't collect any tax. You'll hire them for any profit, \$500, \$1000, whatever. Then you can't tax them. Because this will now affect everyone who has received a profit cheque from a tribe if they do not submit it correctly, then consider that the individual will be responsible for tax evasion. Mr. President, if you, if the tribe makes per capita payments in accordance with the Per capita Law, which I think are the kinds of things you're discussing, from the assets of trust, I think you can look at this notice and legal analysis leads you to the official position that these things are not taxable----- Mr. Young. But here, from tribal timber land, he says it is taxable. Ms. Jacobs, as I have discussed earlier, Mr. President, when we publish a position on an issue, anything that is discussed individually in a different context will be in line with that published position. Mr. Young, what does that mean? Are you going to be taxed or not? Mr. Jacobs, Mr. President, I don't think per capita income payments paid to tribal members pursuant to the Per capita trust? Mrs. Jacobs, this is going to be exactly the kind of item that per capita law will cover. Mr. Young, so I think it should be clarified. I mean, I don't know how many people have gone, you haven't reviewed the accounts, you work for the IRS, I've been through it nine times, it's not a good feeling, and every time I tell them there's nothing there just because I put in the Taxpayers' Rights Bill again about 30 years ago. Don't tell me that it was by accident, by the way. Was it the Home Office - did they agree to analyze what was stated in the IRS notice on September 6? Mrs. Jacobs, yes. Mr. President, I would hate to speak on behalf of another agency, but we have coordinated with both the Ministry of the Interior and the Ministry of Justice on the directive. Mr. Young, has the department and the Department of Foreign Affairs agreed to that? Mrs. Jacobs, we've coordinated, sir, with the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young. Mrs. Jacobs, Mr. President, you need to talk to the Home Office's attorney's office, Mr. Young.

is another example of why we are eliminating indigenous spokespersons in the Home Office and BIA. They should be at this table, saying that this has never been done. No need for this notice. It has caused panic among indigenous tribes. I can assure you, Mrs. Jacobs, with all due respect, not you personally, I would suggest that you come back with respect and make it clear that the income from trust funds, from resources, is not profitable so that they understand it, so that they don't, I'm sure I have the votes not only in this committee but in this House and maybe in the room -- I want to see the IRS put its nose in the air and say, we're not going to change our policy. You have enough problems for what it is. You have bigger chickens to pluck from this problem. As Mr. Kilde said, I am deeply frustrated with the branching tongue approach, with the notion that we can get a settlement and possibility - and now we send a notice saying that 55 will not be taxed but those with trust funds will be taxed at all. Would anyone else like to comment? Would the nice guy from Hawaii or anyone else like to make a proposal? Would anyone on the Committee like to say anything before I adjourn editing? Yes ma'am. Athens. Ms. Sanchi Yaloub. Thank you, Chairman. Thank you for these comments. I appreciate it on behalf of the Yakama nation. As you note, in the 2012-60 notice or opinion of the IRS, yakama nation is not listed there. So this is our question to her and knowing that the settlement agreement is mismanaging our trust resources - and from the 1972 period to the 1992 arthur anderson audit period, again, that is all confidence. I can only be mismanaged by the Federal Government. When I came here today, I felt the same way, that I was confused in the notice. In fact, it should be said that all settlement agreement funds issued, granted or are ours to the tribes are not rewardable. The income of the trust is not profitable. Because, since we saw in 1957 the Yakama nation, it has been unprofitable. Once again, the natural resources for the exclusive use of Yakama in article II of our treaty rights say that they are our use and take advantage of the exclusive use of the Yakama people. Within minutes, the Yakama nation. The treaty is written and understood as Yakama, and that is how we look at it. Our resources are not taxable. I do not appreciate your comment. I appreciate the opportunity to sit here on behalf of my people on this issue. He worries all our elected officials across the Indian country on this issue. And my brothers to my left, I really appreciate it. Mr. Young, thank you and Ron. I say, I don't like lawyers. It cost me a lot of money but, having said that, we hope to have the IRS respond to this meeting and answer this question, and clarify it. If not, we will take care of them. I'd rather they do it themselves, Ron, go ahead. Mr. Supah, Mr. President, two things: In order for the warm springs to protect our interest in our tribal membership, the Tribal Council took action to develop the IRS protocol policy because we feared that there would be many entrances that the IRS could use to get the information they wanted to obtain. And we did it to protect ourselves, to make sure that they only have one door to come by consulting with us about any IRS business. Finally, Mr. President, I would be grateful if the Committee would look closely at our trustees to move away from speeding up support for the position of the tribes. Because, right now, the emergence of warm springs looking in from outside federal government agencies, is pretty much fragmented; I think all of these agencies to work together must work together must work together to do what's right. something we can look at. Because the Home Office didn't have a good record that's why we got the settlement. The lack of work and the utter corruption of the Interior Ministry over the years has cost the tribes a lot of money. I know you must have this confidence, I think, with the Home Office. Again, there must be a sergeant so that we do not have the same problem. Come on, Mr. Logan, Mr. Loga consideration, you said you expect to enter into additional similar agreements in the future with other tribal litigants. Here is my line of question, does the new IRS directives? Mrs. Jacobs, congressman, right now, it only applies to 55. But the Ministry of Justice and the Ministry of the Interior told us that they expect 10 or 11 other settlements that are very similar. So those will then be added to the list. Mr. Logan, so given the Yakama questions, they fall into this category and will be included? Mrs. Jacobs, if they have a settlement, yes, sir. But I think the concern for them is the broader issue of payments made from trust assets, not from settlement. Mr. Logan. The notice should be clarified. Mrs. Jacobs. Mr. Logan is very good. Mr. Young, I thank the members of the Committee and I thank the witnesses and I appreciate that. I hope we can solve this problem. I have always found a way to solve a problem. I still want to know, as I say, where this wonderful idea came from. We will continue to follow up on this unless there is a different change in the situation. The Committee has been lifted. [The Subcommittee was postponed at 1:15 p.m.m]

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