

## Getting Ready for Pow Wow Season

As Pow Wow season approaches, one of the most essential, but often overlooked preparations involves proper information reporting or withholding associated with payments to Pow Wow participants and organizers.

Reporting responsibilities for a typical Pow Wow may include payments to any of the following:

- Pow Wow Committee Members (even if the Committee is a nonprofit entity);
- Arena Staff and Other Contractors (Announcer, Head Man Dancer, Head Woman Dancer, Arena Director, Head Drum, Whip Man and Woman, Judges, Construction Workers, Security Guards, and Honor Guard);
- Contest Participants (in all contest drumming and dancing categories);
- Raffle Winners;
- Concession and Other Vendors;  
Arts & Crafts Vendors

Let's discuss a couple of these...

A trade or business must report payments made to anyone receiving \$600 or more. At a typical Pow Wow, the tribe represents the "trade or business."

**Pow Wow committee members** often work countless hours and travel many miles to fulfill their responsibilities as committee members. Some tribes pay committee members for their time, travel and meeting expenses. Other tribes do not. If a tribe pays its Pow Wow committee members, they need to determine if the Pow Wow committee member is an [employee or an independent contractor](#), and then issue the appropriate [Form W-2](#) or [1099-MISC](#). The tribe must obtain the social security numbers or tax identification numbers (TIN) prior to making any payments. A [Form W-9](#) is the best way to secure this information. If the tribe does not obtain the social security numbers or TINs before payment, they withhold at the back up withholding rate of 28%. Report all withholding related to Form 1099 on [Form 945](#), Annual Return of Withheld Federal Income Tax.

**Pow Wow expenses** can include travel or meeting expenses. **If a tribe reimburses committee members for these or other Pow Wow costs and requires them to report their expenses to the tribe under an [accountable plan](#), no IRS reporting is required.** If a tribe does not pay or reimburse a committee member (or anyone else) for expenses, then that person can report the cost on their personal income tax returns as charitable contributions. Additional tax-deductible contributions include donated noncash items (food, shawls, blankets, beadwork, etc.) or prize money to a tribe.

**Prizes** paid to dance, drum, and other contest winners must be reported on Form 1099. Prior to making the payment, the tribe must obtain the recipient's name and taxpayer identification number. Otherwise the payment would be subject to back up withholding at a rate of 28%. The tribe would use Form W-9 to obtain the proper information and certifications.

**Any payment that is reportable on Form 1099 is subject to aggregation.** Payments for the calendar year which are \$600 or more require reporting on a Form 1099. That means you must search your records for all payments made to a particular individual during the year to determine if a Form 1099 is required. For example, a prize payment of \$200 during a Pow Wow would be added to a \$500 payment in October to a painting contractor for total Form 1099 income of \$700.

**Prizes and awards paid to a non-resident/non-citizen** of the United States are subject to 30% withholding. The tribe reports these payments on [Forms 1042-S](#) and [1042](#). There is no \$600 threshold before reporting begins; in other words, all prizes are reportable and subject to withholding. A Form 1042-S can be issued without a U.S. tax identification number. The individual will file a [Form 1040NR](#) to claim a refund of part or all of their withholding, if applicable.

**Raffles are taxable lotteries.** Tribes must report raffle winnings on [Form W-2G](#) when the proceeds are \$600 or more. For more information regarding gaming, please review [Publication 3908](#), *Gaming Tax Law and Bank Secrecy Act Issues*.

Remember, a Tribe must be prepared to fulfill its tax reporting obligations. The time to obtain the correct name and taxpayer identification number is before the payment is made. This information needs to be communicated to your Pow Wow committee and Pow Wow workers. No job is done until the paperwork (even electronic "paperwork") is done--including filing and providing the proper information returns, making timely deposits of withheld taxes, and filing Form 945 or Form 1042 by the due date.

We hope this information will assist tribes in planning for their tax reporting responsibilities. If you have any questions on preparing the information reporting for your Pow Wow event, please [contact your ITG Specialist](#).