



# ARIN Tax Compliance Annual Update

Nate Davis, COO

# Background

- **During first meeting of 2014, CEO apprised Board of Trustees of potential personal liability that could result to directors of a corporation if there should ever be taxes that go unpaid**
- **Treasurer asked staff to develop a monitoring and reporting plan to ensure that ARIN continues to meet its tax obligations; thus effectively managing any risk**

# ARIN's Annual Tax Obligations

Tax Category	Description	Annual Tax (based on 2014 actuals)
Employee (Payroll Taxes)	Federal and state income, social security, Medicare, and Federal Insurance Contributions Act (FICA) taxes	\$2,371,357
Lobbying Tax	IRS imposed 35% tax on total lobbying expenses	\$16,707
County Personal Property Tax	Fairfax County imposed tax on qualifying assets (computer equipment, furniture, etc.)	\$28,571
Sales and Use Tax	Virginia state imposed sales tax on out-of-state purchases	\$5,658

# Monitoring Options

Tax Category	Method	Reconciliation Comments
Employee and Lobbying Tax	Electronic Federal Tax Payment System (EFTPS)	Employee and Lobbying Tax payments can be confirmed with the IRS for up to the past 16 months.
County Personal Property Tax and Sales and Use Tax	Invoices, Cancelled Check, and Receipts	Can be used to reconcile payments against ARIN's check registry and bank statements – for the past seven years

# ARIN Staff Action

- In 2014, ARIN staff initiated quarterly internal verification of employee tax payments against obligations current year. Going forward, ARIN staff will now also report reconciliation in ARIN's quarterly financial statements to the Treasurer.
- Annually, ARIN staff will confirm to the Board that a full reconciliation of employee tax, lobbying tax, sales and use tax, and personal property tax has been performed for the prior tax year.

# 2014 Tax Confirmation for ARIN Board

ARIN's 2014 obligations for:

- Lobbying and federal withholding (payroll) taxes have been reconciled with the Electronic Federal Tax Payment System (EFTPS)
- State withholding (payroll) taxes have been reconciled with each states (DC, MD, VA, WVA) tax office
- Sales and use tax as well as personal property tax have been reconciled with payments made.