

Square & Folk Dance Federation  
Financial  
Frequently Asked Questions & Answers

Q. How does a club report foreign caller/cuer income to the IRS?

A. Roy Johnson, Treasurer of the Mt. Baker Council, talked to someone at the IRS who told him that you don't need to report income of less than \$10,000 in a calendar year. The reference is the Canada/USA Tax Treaty, Article XV. (P Murray, 4/20/09)

Q. Does each club need a Tax ID number and if so why can't we just use the State Federation's number?

A. Yes, each club needs its own Tax ID number. There is a provision in the tax code for a "Group Exemption" (from federal tax), but it is not workable for us. (P Murray, 4/20/09)

Q. Isn't this awfully complicated? Do we really have to do all this stuff?

A. Yes, it's a lot more complicated than what most of us are used to. I am a club treasurer and I don't like it either. I have tried to simplify the process as much as possible. Whether you really do all this or not is up to you, or your club. I'm telling you what the laws are and how to comply with them. (P Murray, 4/20/09)

Q. Is our caller (cuer) an employee or an independent contractor?

A. Most callers should be classified as independent contractors because (a) the club has a contract with the caller that specifies what he/she does but not how it is done, and (b) the caller provides his own equipment. The IRS has a list of about 20 factors to use to decide this.

If you consider your caller an employee, then you have to withhold federal income tax on the earnings and send it to the IRS, and you have to withhold and pay Social Security taxes, and maybe industrial accident and unemployment taxes. You don't want to do this without competent legal advice. (P Murray, 4/27/09)