From: Speaker's Office
Sent: Wednesday, August 12, 2020 10:32 AM
To: Clerks Office
Cc: Rennae Meno
Subject: M&C Fwd: DRT - Proposed Rules and Regulations - Ayuda I Mangafa Help For Families

08-11-20	4:47 PM	08-11-20	Proposed Rules and Regulations- Ayuda I Mangafa Help for Families.*	Department of Revenue and Taxation	35GL-20-2150

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Dafne M. Shimizu** <Dafne.Shimizu@revtax.guam.gov>
Date: Tue, Aug 11, 2020 at 4:47 PM
Subject: DRT - Proposed Rules and Regulations - Ayuda I Mangafa Help For Families
To: speaker@guamlegislature.org <speaker@guamlegislature.org>
Cc: Michele Santos <Michele.Santos@revtax.guam.gov>, Paul Pablo <Paul.Pablo@revtax.guam.gov>,

Lawrence S. Terlaje <Lawrence.Terlaje@revtax.guam.gov>, Jennifer A. Untalan <Jennifer.Untalan@revtax.guam.gov>

Hafa Adai Speaker Muna-Barnes.

As required by law, transmitted herewith are the Proposed Rules and Regulations for the Ayuda I Mangafa Help For Families Program.

Please feel free to contact us at your convenience with any questions or concerns regarding this.

Si Yu'us Ma'ase,

Dafne Mansapit-Shimizu
Director
Department of Revenue & Taxation

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Speaker's Office <speaker@guamlegislature.org>

DRT - Proposed Rules and Regulations - Ayuda I Mangafa Help For Families

1 message

Dafne M. Shimizu <Dafne.Shimizu@revtax.guam.gov> Tue, Aug 11, 2020 at 4:46 PM
To: "speaker@guamlegislature.org" <speaker@guamlegislature.org>
Cc: Michele Santos <Michele.Santos@revtax.guam.gov>, Paul Pablo <Paul.Pablo@revtax.guam.gov>, "Lawrence S. Terlaje" <Lawrence.Terlaje@revtax.guam.gov>, "Jennifer A. Untalan" <Jennifer.Untalan@revtax.guam.gov>

Hafa Adai Speaker Muna-Barnes.

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Please feel free to contact us at your convenience with any questions or concerns regarding this.

35GL-20-2150
Speaker Tina Rose Muña Barnes

AUG 11 2020
Time 4:47 ( )AM (X)PM
Received By: Matt

Si Yu'us Ma'ase,

Dafne Mansapit-Shimizu
Director
Department of Revenue & Taxation

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2 attachments

DRT Proposed Rules and Regulations - Ayuda I Mangafa Help for Families Program - v8 11 2020 FINAL.pdf
51K

DRT Transmittal to Speaker - Mangafa Regulations - v8.11.2020 FINAL v2.pdf
179K

Dipåttamenton Kontribusion yan Adu'ånå
DEPARTMENT OF
REVENUE AND TAXATION
GOVERNMENT OF GUAM ***Gubetnamenton Guåhan***

LOURDES A. LEON GUERRERO, Governor ***Maga'håga***
JOSHUA F. TENORIO, Lt. Governor ***Sigundo Maga'låhi***

DAFNE MANSAPIT-SHIMIZU, Director
Direktot

MICHELE B. SANTOS, Deputy Director
Sigundo Direktot

August 11, 2020

Honorable Tina Rose Muna Barnes
Speaker, *I Mina'trentai Singko Na Liheslaturan Guahan*
Guam Congress Building
163 Chalan Santo Papa
Hagatna, Guam 96910

Hafa Adai Speaker Muna Barnes:

In accordance with Section 3 of Public Law 35-94, the Department of Revenue and Taxation is hereby submitting the proposed Rules and Regulations to implement the *Ayuda I Mangafa* Help for Families Program.

We identified the following issues in the current law which should be addressed:

- While it is the intent of *I Liheslaturan Guahan* to provide assistance to families with young adults and students over the age of 16 as well as for disabled individuals, the current law allows for payments to be made to eligible individuals who may have already received or who are eligible to receive the Economic Impact Payment for qualifying children under the age of 17 under the CARES Act.

- The Program allows a payment of $500 for each individual eligible within the family. Eligible individuals, to include eligible individuals filing a joint return, are those taxpayers who filed income tax returns in tax year 2019 with qualifying children. The current law requires that payments be made to eligible individuals with qualifying children regardless of the number of qualifying children the taxpayers have claimed on their income tax returns. In the case of an eligible individual who filed a Guam Form 1040 individual income tax return (other than joint return) for tax year 2019 with three qualifying children, he or she would be entitled to a payment of $500 under the Program. In the case of eligible individuals who filed a joint Guam Form 1040 individual income tax return for tax year 2019 with three qualifying children, they would be entitled to a payment of $1,000 under the Program.

- The current law does not address duplicate payments to eligible individuals who claim the same qualifying child(ren). In the case of a child that can be considered a qualifying child of two or more taxpayers, the law does not stipulate which taxpayer would be entitled to claim the child for payment under the Program.

- The current law does not allow for payments to be made for individuals who are not required to file an income tax return except for Social Security recipients.

- The current law does not specifically allow for payments for those individuals who only receive Veteran's Affairs benefits and who are not required to file an income tax return.

- The current law does not explicitly state that an eligible individual must be a Guam resident to qualify for payment under the Program.

- The incorrect tax year is used in Section 2(e), *Alternate Taxable Year*. The current law utilizes eligible individuals' income tax returns filed for tax year 2019 to determine eligibility under the Program. Alternatively, eligible individuals may use their income tax return for tax year 2018 to determine eligibility under the Program, if they have not filed a 2019 return at the time of certification of the payment to be made under the Program.

- The current law utilizes tax return data to determine eligibility for this Program and would force individuals to have to file a tax return in order to qualify for the benefit. This would mean that there are individuals who would not normally file a return who would file one. This is contrary to tax administration which allows for voluntary compliance.

There is concern that the amount to be paid out for the Program will exceed Ten Million Dollars. It is the position of DRT that if the adjustments are made to the law so that it addresses the gap which it was meant to address, that this will not be the case.

We thank you and the members of the 35th Guam Legislature for your continued support and look forward to continuing to work together to serve our people.

If you have any questions or would like to discuss the issues further, please feel free to contact me at 635-1817.

Senseramente,

Dafne Mansapit-Shimizu
Director

Dipåttamenton Kontribusion yan Adu'ånå
DEPARTMENT OF
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DAFNE MANSAPIT-SHIMIZU, Director
Direktot

MICHELE B. SANTOS, Deputy Director
Sigundo Direktot

Ayuda I Mangafa Help for Families Program Proposed Rules and Regulations

NOTE: Pursuant to Section 3 of Guam Public Law 35-94, the Director of the Department of Revenue and Taxation (DRT) shall formulate rules and regulations for the implementation and administration of the Ayuda I Mangafa Help for Families Program.

I Liheslaturan Guahan finds that the federal and local government have provided direct cash payments to assist individuals and businesses. These aid packages, however, have left out substantial categories of individuals, leaving many families without the assistance that is needed, as these aid packages do not provide direct stimulus payments to families with dependents over the age of sixteen (16) years old. The current federal language also unjustly omits stimulus payments for individuals with disabilities over the age of sixteen (16) who are claimed as dependents by families.

It is, therefore, the intent of I Liheslaturan Guahan to provide funding assistance to families with young adults, students, and disabled individuals who are claimed as dependents of these families.

The Director of the Department of Revenue and Taxation shall administer the Ayuda I Mangafa Help for Families Program (the Program) and the distribution of payments to families. In the case of a qualified family, there shall be allowed a payment equal to the sum of Five Hundred Dollars ($500) for each individual eligible within the family. Qualified families shall submit an application for approval by the Department of Revenue and Taxation.

Section A. Who is an Eligible Individual:

1. An eligible individual is a Guam taxpayer who has filed a Guam Form 1040 Individual Income Tax Return for tax year 2019 or who has received a Form SSA-1099 or Form RRB-1099 for Social Security Benefits for calendar year 2019 and is a Guam resident in 2020, and
2. Claimed a qualifying child or qualifying children on their Guam Form 1040 individual income tax return for tax year 2019 as defined under Section B, and
3. Whose adjusted gross income meets the threshold amount as stated in Section C.

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Section B. Who is a Qualifying Child:

A qualifying child is a child who meets the relationship test, residency test, age requirement, support test and joint return test for taxable year 2019 as described in subsections 1 through 5 in this Section and is claimed as a qualifying child on the taxpayer's Guam Form 1040 individual income tax return for tax year 2019.

1. ***Relationship Test:*** The child must be your:
    a. Son, daughter, adopted child, stepchild or a descendent of any of them, such as your grandchild, or
    b. Brother, sister, half-brother, half-sister, step brother, step sister or a descendant of any of them, such as a niece or a nephew, or
    c. Foster Child - a child is an eligible foster child if the child is placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.
2. ***Residency Test:*** The qualifying child must have the same main home as the taxpayer (or spouse if filing a joint return) on Guam for more than half of taxable year 2019,
    a. In the case of temporary absences, the child is considered to have lived with the taxpayer during the periods when either the child or the taxpayer, or both, are temporarily absent from the home due to special circumstances. A nonpermanent failure to occupy the home by reason of illness, education, business, vacation, military service or a custody agreement under which the child is absent for less than 6 months in the taxpayer year with the taxpayer, shall be considered temporary absence due to special circumstances.
3. ***Age Requirement:***
    a. At the end of 2019, the child must be younger than the taxpayer (or spouse if filing a joint return) and has not attained the age of 19 years of age, or
    b. At the end of 2019, the child must be younger than the taxpayer (or spouse if filing a joint return) and at least 19 and under 24 years of age, and a full-time student, or
        i. Full-time student shall mean a child who during each of the five calendar months during the calendar year in which the taxable year begins is a full-time student at an education organization or is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization.

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ii. Education organization shall mean an organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

c. At the end of 2019, the child must be permanently and totally disabled, regardless of age.

i. Permanently and totally disabled means an individual who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. An individual shall not be considered to be permanently and totally disabled unless he furnishes proof of the existence thereof in such form and manner, and at such times, as the Secretary may require. An individual shall not be considered permanently and totally disabled unless the individual furnished proof of the existence thereof in such form and manner, and at such times, as the Director may require as provided under Section G(5)(c).

4. ***Support Test:*** The child must have not provided over one-half of his or her own support for taxable year 2019,

a. The total amount of support provided by the child is compared to the total amount of support that the child received from all sources for tax year 2019. Support includes amounts spent to provide food and clothing, lodging, medical and dental care, education, and similar items.

5. ***Joint Return Test:*** The child must not be filing a joint return with their spouse for taxable year 2019.

Section C. Adjusted Gross Income Threshold Amounts:

1. Taxpayers whose Adjusted Gross Income (AGI) reported on the Guam Form 1040 individual income tax return for tax year 2019 exceeds the following maximum adjusted gross income shall not be eligible for this Program:
    a. $150,000 or more in the case of a joint return
    b. $112,500 or more in the case of a Head of Household; or
    c. $75,000 or more in the case of a taxpayer not described in subsection a. or b. above.

Section D. Filing of a Return:

Eligible individuals must file a Guam Form 1040 individual income tax return with a qualifying child or qualifying children for tax year 2019 and meet the AGI threshold requirements of Section C(1) to qualify for payment under the Program. Eligible individuals must submit a filed copy of the income tax return along with Form 3594GU and the required documents under Section G to qualify for payment under the Program.

Section E. Social Security Benefit (SSB) Recipients with Qualifying Child:

SSB recipients who are not required to file a Guam Form 1040 individual income tax return for tax years 2018 or 2019, but do have a qualifying child or qualifying children, must submit their Form SSA-1099 or Form RRB-1099 statements for calendar year 2019 along with Form 3594GU and the required documents pursuant to Section G to qualify for payment under the Program. The AGI threshold requirements in Section C(1) will still apply to determine AGI eligibility.

Section F. How to File a Claim for Payment:

Form 3594GU application – Eligible individuals must register at the website specified by the Director of the Department of Revenue and Taxation to fill out and submit the application online, along with the required documents pursuant to Section G or must file an application and submit required documents in such other form as prescribed by the Director.

Section G. Additional Documents to be submitted along with Form 3594GU application:

The following documentation must be submitted with your Form 3594GU application to qualify for payment under the Program. Additional documentation may be required, as deemed necessary, upon verification of your completed application and the supporting documentation listed below.

1. Filed copy of your Guam Form 1040 individual income tax return for tax year 2019 or a copy of your Form SSB-1099 or Form RRB-1099 for calendar year 2019, and
    a. If you do not have a filed copy of your Guam Form 1040 individual income tax return for tax year 2019, you may request for a transcript of your tax return filed with DRT by completing and submitting Form 4506-T, *Request for Transcript of Tax Return*. The Guam DRT tax return transcript must be submitted with your Form 3594GU application.
2. Social Security number card(s) for your qualifying child(ren), and
3. If your child was less than 19 years of age as of 12/31/2019:
    a. Birth Certificate(s) to verify your relationship to the child,
    b. Court order or letter from an authorized placement agency, if claiming a foster child or adopted child, and
    c. Guam Mayor's certification to show that you and the child lived together at the same address for more than half of tax year 2019.
4. If your child was at least 19 and under 24 years of age and was a full-time student as of 12/31/2019:
    a. Birth Certificate(s) to verify your relationship to the child,
    b. Guam Mayor's certification to show that you and the child lived together at the same address for more than half of tax year 2019, and
    c. Official school records to show that the child was a full-time student for at least five months of tax year 2019 (the months do not have to be consecutive). The official school records must include the child's name, address of record and the dates the child attended the school during tax year 2019.
5. If your child was any age and was permanently and totally disabled as of 12/31/2019:
    a. Birth certificate(s) to verify your relationship to the child,
    b. Guam Mayor's certification to show that you and the child lived together at the same address for more than half of tax year 2019, and

c. Official statement from a qualified physician obtained within the last three years certifying that the child is permanently and totally disabled. The child is permanently and totally disabled if both of the following apply: (1) the child cannot engage in any substantial gainful activity because of a physical or mental condition, and (2) it is medically determined that the condition has lasted or can be expected to last for a continuous period for at least a year or lead to death.

Section H. Deadline to Submit Application:

The application period for eligibility under the Program shall end 30 business days after the date of implementation of the Program. Such date shall be prescribed by the Director.

Section I. Amount of the Payment:

A payment of $500 will be given to an eligible individual who filed a Guam Form 1040 individual income tax return for tax year 2019 with a qualifying child or qualifying children. In the case of an eligible individual who filed a Guam Form 1040 individual income tax return (other than joint return) for tax year 2019 with three qualifying children, he or she would be entitled to a payment of $500. In the case of eligible individuals who filed a joint Guam Form 1040 individual income tax return for tax year 2019 with three qualifying children, they would be entitled to a payment of $1,000.

Section J. Alternate Tax Year:

If the taxpayer (and spouse if filing a joint return) has not filed a Guam Form 1040 individual income tax return for tax year 2019, said taxpayer may qualify for this Program if they filed a Guam Form 1040 individual income tax return for taxable year 2018. Taxpayer may substitute tax year 2018 for tax year 2019 to determine eligibility for this Program and provide a filed copy of their Guam Form 1040 individual income tax return for tax year 2018.

Section K. Funding

The maximum amount allowed to be paid under the Program, not including administrative costs, is Ten Million Dollars ($10,000,000).

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