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Wednesday, May 12, 2010

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- Change in Due Date for Returns

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- Modification of Form 1098
- I-9 for Independent Contractors

UPDATE…FROM THE NCCPAP PRESIDENT

Andrew L. Hult, CPA

This issue, my message addresses the following:

- Competency for CPAs in New York, and the need, right now, for many of us to engage peer reviewers to perform reviews for our firms before December 31, 2010;
- IRS Code Section 7216—Disclosure or Use of Tax Information by Preparers of Returns, and the risks if we, as preparers, do not observe these strictures;
- FIN 48—Accounting for Uncertainty in Income Taxes. These financial statement disclosure requirements now apply to nonpublic and smaller firms, i.e., my clients and, probably, yours as well;
- NCCPAP's mission, summarized into three words; and
- NCCPAP's upcoming annual trip to Washington.

Let's take these in reverse order.

Washington Trip. NCCPAP's Tax Committee has organized the trip. They and I invite you to come to Washington, D.C. on May 11 for an evening organization meeting, and on May 12 for meetings with the offices of members of Congress as well as key personnel who work for the House Ways and Means, House Small Business, Senate Finance, and Senate Small Business Committees. Some of us will remain on May 13 to meet with the IRS on tax administration issues. This is a unique NCCPAP opportunity to do good for the country, the profession, and ourselves.

The trip has been reorganized this year to take less time away from our practices, but the format remains the same. In the meetings we will present NCCPAP positions on various issues concerning tax administration and tax code fairness. I thank Neil Fishman, Tax Committee chair, and all Committee members, for their efforts in organizing the trip. I hope you will join us there and help make it successful.

NCCPAP's Mission. To me, it is "Practitioners helping practitioners." We're all volunteers. We work together to give back to the profession and the nation. In the process, we form deep, lasting friendships…but that's a story for another time.

FIN 48. Accounting for Uncertainty in Income Taxes. For nonpublic enterprises, this interpretation took effect for annual financial statements for fiscal years beginning after December 15, 2007. This means that, for those clients for whom we prepare financial statements with disclosures, we now are required to disclose uncertain tax positions that we may have taken on their behalf.

Speaking personally, and not for the NCCPAP Issues Committee that Bob Goldfarb so ably chairs, I feel that this reporting requirement is excessive. All my career I have distinguished between my attest work, where I am an advocate for third-party users of the financial statements, and my tax work, where I am an advocate for my clients. This interpretation seems to put me in the position of being an advocate for the Internal Revenue Service. I reiterate, this is not a NCCPAP position.

This interpretation has pushed me to the point where I now support the concept of "Big GAAP – Little GAAP." Again, this is my personal feeling. It is not an official NCCPAP position. My purpose in including the issue in this message is to remind all of us that this interpretation now applies to us and our clients.

(continued on page 2)

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UPDATE…from the NCCPAP President *(continued from page 1)*

IRS Code Section 7216—Disclosure or Use of Tax Information by Preparers of Returns; and Revenue Proclamation 2008–35 —Signed Consent to Disclose. We, as tax preparers, have a duty of confidentiality to our clients, and this has been codified. The problem is that there is plenty of room for unintentional error on our parts. We need written permission, with specific language in a specific format, before we can send a tax return to a bank or complete a financial aid form for a student. Acting on the verbal request of a client can cost us a penalty of $1,000 or a year in jail, or both. Noncompliance can be a misdemeanor, and that, under Circular 230, can cost us our ability to represent clients before the Internal Revenue Service. The moral? Take this Code Section very seriously. Consider making it a firm policy to release information only to clients, and not to third parties.

Peer Review in New York. Many of us have not been peer reviewed in the past. Under the new competency guidelines in New York State, many of us will need to be peer reviewed before December 31, 2010 if we want to conform to the new Board of Regents rules regarding competence, when signing review and audit reports in 2011. This will create a logjam at the end of the year; there will not be enough peer reviewers to meet the surge in year-end demand, I believe. In view of this, if you are a New York State CPA who has not been peer reviewed before and who will choose to be peer reviewed before December 31 of this year, please consider engaging a peer reviewer *now* for a review later in the year. Also, please consider starting to prepare now for that review. It can be a challenging task.

That's it for now. Please call or e-mail with questions and comments. My telephone number is 516-565-1702. My e-mail address is alhult@alhcompany.com.

Andrew L. Hult, CPA

Join Your Friends and Colleagues!

NCCPAP ON THE HILL

May 11 and **12, 2010**

• **Congressional Briefing with working dinner on May 11**

• **Visits on the Hill May 12**

Note: This is an overnight trip.

THE MADISON, 1177 Fifteenth St. NW, Washington, D.C.

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NCCPAP rate: $269 single/double
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Mark Your Calendars!

NCCPAP SUMMER CONFERENCE

August 4, 5 & 6, 2010

HYATT REGENCY Cambridge, Massachusetts

The Sex of a Hippopotamus:
A Unique History of Taxes and Accountancy

by Carol C. Markman, CPA

I recently attended the retirement dinner in Washington, D.C. for Linda Stiff, Deputy Commissioner for Services and Enforcement of the IRS, as a representative of NCCPAP. I presented Ms. Stiff with an autographed copy of *The Sex of a Hippopotamus: A Unique History of Taxes and Accountancy* by Jay Starkman, CPA. Linda, Jay and I served together on the IRS Practices and Procedures Committee of the AICPA. I chose this book instead of a plaque because it is a very amusing and entertaining collection of tales about taxes and accounting.

Jay Starkman is a CPA practitioner from Atlanta, Georgia. He researched and wrote this book over a number of years in his spare time. The historic essays come from many sources, and Jay claims that all are true (the book includes the source for each of the essay)s. There are tax stories about Jack Benny, Al Capone, the Clintons, Martin Luther King, Liberace, Madonna, Groucho Marx, Andrew Mellon, Willie Nelson, Barack Obama, Ronald Reagan, Franklin Roosevelt, Anna Nicole Smith, and Wesley Snipes, among others.

(L-R) Linda Stiff, IRS Deputy Commissioner for Services and Enforcement; Carol C. Markman, CPA, NCCPAP Representative

In his introduction, Jay Starkman writes: "It's not easy to determine the sex of a hippopotamus. The 3,000-pound beast lumbers through water and is apt to become hostile if a stranger should approach. It's tough to distinguish a hippo from a hippette. At times, trying to decipher tax law can be a bit like struggling to identify the sex of a hippopotamus."

Jay describes his book as "a collection of unusual tax and accounting stories told from the perspective of a practicing CPA with a passion for his craft." Read more online at http://www.starkman.com/hippo/index.html, where there are links to several stories and selected reading from the book It is a perfect present for a NCCPAP member!

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New York State Health Insurance Reform

by Gabriel Daoud Jr., B.S. and Frimette Kass-Shraibman, CPA, Ph.D.

On July 29, 2009 Governor David Paterson signed legislation to make health insurance more affordable and to facilitate access to health care for New Yorkers. The governor signed into law three bills that will certainly conciliate New Yorkers while a discord remains on overall health care reform. The legislation was signed at the University of Rochester Medical Center, where the governor was quoted as saying, “By enhancing access to group health insurance, these reforms will make health insurance more affordable for everyday New Yorkers. More than 2.5 million of our residents do not have health insurance, partly because of the high cost of coverage.” He then proclaimed, “We must take the necessary steps to improve our broken health care system. By making insurance coverage more accessible, we bring people into the system before they need emergency treatment, reducing the overall cost of health care to the State.”

The three bills signed into law will expand the length of Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage from 18 to 36 months; allow families to cover their young adult dependents through age 29 under a parent’s job-based insurance; and enact managed care reforms to enhance health insurance for consumers and sanction opportune access to necessary health services. Assemblywoman Crystal Peoples-Stokes announced at the signing, “At a time where medical costs are constantly rising, availability and affordability of health insurance is paramount. As prime sponsor of the COBRA bill, I would like to applaud Governor Paterson for answering the needs of New Yorkers. Access to primary care has been a major priority in my district’s agenda and expanding the age to 29 for young adults will help them obtain and maintain much-needed healthcare coverage.”

This law, as stated by the State of New York Executive Chamber, will increase the period of coverage for employees who lose their jobs, enabling them to continue their health insurance under COBRA from 18 to 36 months. With unemployment still at 10% and no sign of a surge in job creation, this bill will certainly be lauded by those out of work. By extending coverage for another 18 months, the unemployed can deviate from spending precious time looking for health care and focus on getting back to work.

Another important benefit of this bill is the requirement of insurers to allow unmarried children, up to the age of 29, regardless of their financial position, to be covered under a parent’s group health insurance policy. The Executive Chamber reported that young adults ages 19-29 represent 31% of uninsured New Yorkers. This law will certainly reduce that number. Young adults often do not have access to health insurance when entering college, or once leaving college, or when working at entry-level jobs that don’t offer coverage. Finding affordable healthcare for college students can be as stressful as a full course load. This bill now allows many young adults to obtain health insurance under their parents’ group policies. The premiums will be paid by the families and not employers. They will also cost less because coverage is under group policies, as opposed to individual policies.

The bill will also aide consumers in obtaining the care they need, and reduce the number of denied or delayed claims. The Executive Chamber summarizes some of the benefits under this law as:

- Prohibiting insurers from treating an in-network provider as out-of-network simply because the referring provider was out-of-network;
- Extending current protections for consumers in HMOs to consumers in “HMO look-alike” plans—health plans that operate the same as HMOs but are not licensed as HMOs, such as “exclusive provider organizations” or EPOs;
- Reducing the prompt-pay time-frame from 45 days to 30 days for electronically submitted claims so doctors and hospitals are paid more quickly;
- Reducing the time insurers have to review requests for post-hospital home health care;
- Extending providers a right to request an external appeal of a concurrent denial;
- Extending protections to doctors and hospitals when health insurers seek to recover alleged overpayments. The protections include basic notice and an opportunity to challenge the insurers’ overpayment recovery efforts.
- Limiting health insurers’ and HMOs’ ability to deny or delay payment of claims by sending a coordination of benefits questionnaire;
- Permitting participating health care providers to request reconsideration of a claim that is denied as untimely and limiting penalties for untimely claims;
- Requiring insurers and HMOs to give participating providers notice of adverse reimbursement changes to provider contracts and giving providers an opportunity to cancel the contract;
- Requiring insurers and HMOs who fail to meet a loss-ratio requirement to make efforts to locate and pay dividends or credits to former policy holders;
- Permitting newly licensed providers and providers moving to New York to be provisionally credentialed until the final determination is made; and
- Establishing a new external appeal standard for rare disease treatments.

Although specific to New York, this new law has the potential to become a model throughout the country. New York practitioners should consider the benefits under this law when assisting clients with post college children with their financial planning.

Gabriel Daoud Jr. holds a B.S. in Business Management from Brooklyn College where he is currently studying for his second degree in Public Accountancy.

Frimette Kass-Shraibman is an Associate Professor of Accounting at Brooklyn College and a member of the New York City Chapter of NCCPAP.

Students Win Accounting Scholarships

by Lana Kupferschmid, CPA; Chair, NCCPAP Scholarship Committee

The National Conference of CPA Practitioners (NCCPAP) and the American Institute of Certified Public Accountants (AICPA) pooled their resources to offer scholarships to deserving high school seniors wishing to pursue a career in accounting. This year the scholarship program awarded eleven students $1,000 each. Below are our 11 well-deserving students.

CHRISTY EVERS will graduate from Glencoe High School in Hillsboro, Oregon She has maintained a 4.0 GPA throughout high school and has been active on varsity tennis, National Honor Society, Zoo Teens and Tide Crew. Christy has studied accounting for the last two years and plans to study accounting at a four-year university.

CHRIS HEINER will graduate from Kutztown Area High School in Kutztown, Pennsylvania and plans to attend Kutztown University to study accounting. His interests include baseball, basketball, and football, all of which he plays regularly with his friends. Chris would like to thank his family and his friends who have supported him throughout his life.

KENYA JEAN will graduate with an advanced Regents Diploma from Elmont Memorial High School, in Elmont, New York. She came to the United States from Haiti in 2000. In high school she participated in National Honor Society, Talented & Gifted Club, Global Links, Future Business Leaders of America and Business Honor Society. She will major in accounting in college and then earn her MBA. She aspires to be a Certified Public Accountant.

MITCHELL KRASNEY will graduate from Lyme-Old Lyme High School in Old Lyme, Connecticut. He has been accepted to several business schools but has not yet decided where to pursue his accounting degree. Mitchell was treasurer for four clubs in high school—Community Service Club, FBLA, National Honor Society and Thespian Honor Society. In 2008 he received a 4th place medal for Accounting 2 at the Connecticut FBLA state-level competition and became certified as a QuickBooks Pro-Advisor. He has established a business, The Bookkeeping Guy of Southeastern Connecticut, and was awarded the N. Rutherford Sheffield Memorial Junior-Year Scholarship by the Lyme-Old Lyme Chamber of Commerce. Mitchell was also on the varsity fencing and tennis teams, a lead actor in drama and musical productions, and played trumpet in his school's Wind Ensemble.

CORINNE MARSH will graduate from Maine-Endwell High School in upstate New York where she is a member of National Honor Society and actively involved as vice-president of Girl's Varsity Club and Key Club, and is a drug and alcohol prevention peer leader. She has also been both a participant and host in her school's Student Exchange Program to Costa Rica.

Corinne earned varsity letters in field hockey, indoor track and girl's lacrosse and was named a New York State Public High School Scholar Athlete. Corinne will attend State University of New York at Oswego as an Accounting major in the five-year, combined B.S./M.B.A. program in the School of Business.

HANNAH MILLER is ranked number 7 of 185 in her class and will graduate with Highest Honors from Winfield High School in Winfield, West Virginia. She will also receive an Accounting Completer certificate. Hannah is a member of National Honor Society and was president of finance for a school company that designed and sold T-shirts to raise money for the Wounded Warriors and Autism Speaks organizations.

Hannah plans to pursue bachelor's degrees in Accounting and Computer Science at West Virginia State University and then attend Marshall University Graduate College for a Master's degree. Hannah's ultimate goal is to open her own accounting firm in the Charleston area of West Virginia.

ROBERTA PETRAUSKAITE will graduate from Hinsdale Central High School in Hinsdale, Illinois. Roberta has a love for business, specifically in accounting. Her aspiration is to become a CPA. She looks forward to attending Michigan State University next year. In high school she has enjoyed being with her friends, playing tennis, and going to her family's lake house.

ERIN SILKOWSKI will graduate from Mount Olive High School in Flanders, New Jersey, where she is a member of National Honor Society and World Language Honor Society. She participated in varsity soccer, Drama Club, Key Club, indoor track, dance and volleyball, and is very active in her church youth group. Erin thanks Mr. Silverstein for encouraging her to take Accounting I, II, and Finance Honors, and helping her pass the CLEP accounting exam.

Erin has been accepted by Drexel, Fairleigh Dickinson, Rowan Universities and the University of Scranton, and is waiting to hear from TCNJ and Marist College. She plans to major in accounting and become a CPA.

(continued on page 7)

***Visit the NCCPAP website* www.nccpap.org**

Increase Your Cash Refund:
Using the New 5-Year NOL Carryback Law

by: Frances H. Pfeiffer, CPA

Previous Rules

According to the previous rules, a net operating loss (NOL) could be carried back to the second tax year preceding the loss year and if it was not completely used in that year, the unused amount was carried to the tax year immediately preceding the loss year.[1] Any remaining loss at the end of the carryback period could be carried forward for up to 20 years (15 years for NOLs generated in a year beginning before August 6, 1997).[2] Any portion of the NOL not used by the end of the 20-year carryforward period expires. Any taxpayer entitled to the carryback period may make an irrevocable election to relinquish the carryback period.[3]

American Recovery and Reinvestment Act (ARRA) of 2009

In February 2009, to boost the economy, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009, which permitted eligible small businesses (ESBs) with gross receipts of less than $15 million to carryback net operating losses (NOLs) to three, four or five years before the loss year.[4]

ESBs included C corporations, partnerships, S corporations, and sole proprietorships that had average annual gross receipts of $15 million or less for the three-year period that ended with the NOL year for which the election was made (either calendar-year 2008, or the fiscal tax year that began or ended in 2008).[5]

The expanded NOL carryback election was made at the owner level for an ESB that was an S corporation, partnership, or sole proprietorship. The election generally had to be made by the due date (including any extension) of the return for the loss year for which the election was made. [6]

Worker, Homeownership, and Business Assistance Act (WHBAA) of 2009

In November 2009, the Worker, Homeownership, and Business Assistance Act (WHBAA) of 2009 was signed into law. Section 13 amended IRC Section 172(b)(1)(H) to allow almost all taxpayers to elect to carry back a net operating loss for a period of three, four or five years. As a result of the amendment, Section 172(b)(1)(H) is no longer limited to eligible small businesses (ESB). The election is irrevocable and may be made for only one taxable year. The NOL relief, however, does not apply to taxpayers who received benefits under the Emergency Stabilization Act of 2008 (i.e., TARP recipients) or to members of such a taxpayer's affiliated group.[7] The election must be made by the due date (including extensions) for filing the return for the taxpayer's last taxable year beginning in 2009.[8] A taxpayer that made an ARRA election can also make an election under §172(b)(1)(H) for another taxable year.[9] A calendar-year taxpayer can make the new election for either 2008 or 2009, while a fiscal-year taxpayer can make the new election for the tax year beginning in 2007, 2008, or 2009.[10]

If a taxpayer is carrying an NOL back to the fifth year preceding the year of the loss, it is only allowed to claim an NOL up to 50 percent of the income reported in the fifth year. The excess of the amount of the loss over 50 percent of the taxable income is carried to later taxable years.[11] For example, assume the taxpayer's loss in 2009 is $120,000 and the income in the fifth preceding year (2004) is $90,000, it is only allowed to use $45,000 of the loss in 2004 and the remaining $75,000 of the loss

(continued on page 8)

Students Win Accounting Scholarships *(continued from page 6)*

JAMES SUN will graduate as valedictorian and president of the senior class at Wissahickon High School in Ambler, Pennsylvania. He holds a 4.0 GPA and scored 2370 on the SAT. In Future Business Leaders of America, James was president of his school's chapter and treasurer of the eastern region. He placed first in Accounting I last year at the regional, state, and national level, winning a $1000 scholarship from KPMG. James is also president of the Debate and Speech Club, layout editor of the school newspaper and co-captain of the varsity cross country team. He is active in his church youth group and donated $1,800 to UNICEF through a piano fundraising concert. In 2006 he was a Grand Prize winner in the World Piano Competition in Cincinnati and played in the Winners' Recital at Carnegie Hall. James will major in economics with a concentration in accounting, to become a CPA.

KYLIE TURNER will graduate from Jefferson City High School in Jefferson City, Missouri in May 2010. She was on the Honor Roll in high school for four years and has been a member of National Honor Society since sophomore year. Kylie enjoys playing varsity golf and qualified for state both her junior and senior years, ranking 31st and 39th respectively. She is a member of FBLA and the Teenage Republicans and has also served on Student Council. She has been accepted to University of Arkansas and University of Missouri and will decide which to attend to pursue a degree in Accounting.

ANDREW WILBURN will graduate from Etowah High School in Woodstock, Georgia. He has maintained a 4.0 average while competing on the EHS Varsity Swim Team and participating in many other school organizations.

Drew is the parliamentarian for Etowah's FBLA chapter, where he is participating in the competition for Web Page Development and Business Calculations. He is also a member of Beta Club, National Honor Society, National Technical Honor Society, Mu Alpha Theta, First Priority, and the Fellowship of Christian Athletes. He is also active at Hillcrest Baptist Church, where he held the lead role in the teen choir's drama production of *Making History,* which gave five performances across the state of Georgia. Drew has yet to decide what college he will attend next year, but knows he will major in accounting.

NCCPAP and the AICPA
Wish These Future C.P.A.s
A Very Successful Future in College and Beyond!

Increase Your Cash Refund *(continued from page 7)*

would then be used to offset income in the fourth preceding year (2005). However, this rule does not apply to an ESB's carryback losses generated in 2008 under the ARRA, only to those generated in 2009. Neither the ARRA nor the WHBAA changed the allowable carryforward period for NOLs.

Rev. Proc. 2009-52[12] describes when and how to elect under Section 172(b)(1)(H) to carry back an applicable NOL for a period of three, four or five years for:

1. *Taxpayers that have not claimed a deduction for an applicable NOL.* Taxpayers have two options for making a section 172(b)(1)(H) election. The taxpayer may attach a statement to their federal income tax return (or amended return) for the taxable year in which the applicable NOL arises. The election statement must be filed on or before the due date (including extensions) for filing the return for the taxpayer's last taxable year ending in 2009. The statement must specifically state that the taxpayer is making a section 172(b)(1)(H) election under Rev. Proc. 2009-52, note the length of the NOL carryback period (3, 4, or 5 years), and contain a declaration that the taxpayer was neither a TARP recipient nor an affiliate of a TARP recipient in 2008 or 2009. The election statement also must be attached to the taxpayer's claim for tentative carryback adjustment (Form 1139 for corporations). If a small business already elected under ARRA to carry back a 2008 NOL to a year within the five-year carryback period, that small business still will be permitted to make an additional election to carry back a 2009 NOL to a year within the five-year carryback period.[13] The taxpayer could alternatively make the section 172(b)(1)(H) election by attaching the election statement to the form the taxpayer files, applying the NOL carryback (Form 1139 for corporations), with the same requirements as the previous option.[14]

2. *Taxpayers that previously claimed a deduction for an applicable NOL.* Taxpayers that previously filed an application for a tentative carryback adjustment may use either option above in order to amend the previous carryback claim. Such an amendment also applies to a carryback of any alternative tax NOL for the same taxable year. The amendment applies regardless of whether the IRS has acted upon the previous application.[15]

3. *Taxpayers that wish to revoke a previously filed election under Section 172(b)(3) to forgo the carryback period.* The revenue procedure also provides guidance for taxpayers who are revoking a prior election to forgo the carryback period for an applicable NOL for a taxable year ending before November 6, 2009. The taxpayer must note the revocation on the election statement along with the information listed above. The due date for filing the revocation is the same as that noted above. Finally, as is true for filing an amendment to a carryback claim, the revocation applies to a carryback of any alternative tax NOLs for the same taxable year.[16]

What the New Laws Mean to Your Clients

To properly advise your clients, a projection should be made to ascertain the most beneficial way of carrying back the NOLs.

For example, assume that your client is a calendar-year corporation that incurred a $200,000 NOL during 2009. Between 2004 and 2008, its taxable income was $90,000, $100,000, $215,000, $100,000, and $80,000, respectively. Following the changes made by the WHBAA, your client can carry the 2009 NOL back to 2004 (the fifth preceding tax year), although only 50% of the 2004 taxable income (or $45,000) can be offset. After the carryback to 2004, the remaining NOL of $155,000 can be used to offset $100,000 of the 2005 taxable income and $55,000 of the 2006 taxable income.

A better choice may be to forgo the carryback to 2004 and carry the entire $200,000 NOL back to 2006, where it will offset income taxed at a higher marginal tax rate (thus maximizing its refund).

Since an ESB that made the prior-law election for a tax year beginning or ending in 2008 can make a WHBAA election for an NOL arising in another tax year that ends after 2007 and begins before 2010, your client can benefit twice from the expanded NOL carryback privilege: once with the 2009 Recovery Act election for an NOL from a 2008 tax year and then with a WHBAA election for an NOL from a different tax year that ends after 2007 and begins before 2010.

In making the projection, taxpayers should keep a number of considerations in mind:

First, the section 172(b)(1)(H) election affects only NOL carrybacks. It has no impact upon the rules governing carrybacks of other items, such as capital losses under section 1212.

Second, carrying NOLs back to earlier taxable years may adversely affect other tax benefits that have been claimed in earlier taxable years. For example, because the domestic production deduction under section 199 is limited by the taxpayer's taxable income for the year, reducing taxable income in earlier years through an NOL carryback may reduce or eliminate the taxpayer's section 199 deduction for the carryback year(s). In addition, in contemplating the impact of an NOL carryback on the availability of a section 199 deduction, remember that the section 199 deduction was phased in over several years, with the rate being at 3% first, then 6% and now at 9%. Thus, when choosing a year to carry back the loss to, be mindful of the section 199 deduction rates.

1 IRC Sec. 172(b)(1)(A)(i)
2 IRC Sec. 172(b)(1)(A)(ii)
3 IRC Sec. 172(b)(3)
4 IRC Sec. 172(b)(1)(H)
5 IRC Sec. 172(b)(1)(H)
6 IRC Sec. 172(b)(1)(H)
7 IRC Sec. 172(b)(1)(H)(i)
8 IRC Sec. 172(b)(1)(H)(iii)
9 IRC Sec. 172(b)(1)(H)(v)
10 IRC Sec. 172(b)(1)(H)(ii)
11 IRC Sec. 172(b)(1)(H)(iv)
12 Rev. Proc. 2009-52, 2009-49 I.R.B. 744
13 Rev. Proc. 2009-52, 2009-49 I.R.B. 744 at Section 4.01(3)
14 Rev. Proc. 2009-52, 2009-49 I.R.B. 744 at Section 4.01(4)
15 Rev. Proc. 2009-52, 2009-49 I.R.B. 744
16 Rev. Proc. 2009-52, 2009-49 I.R.B. 744

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Increased Security, Better Service and Compliance In One Affordable Solution!

by Armando D'Accordo, Author, Lecturer and IT Professional; CMIT Solutions

Many firms are looking for increased profits, better client service and retention, remote access and, of course, security. If you could have all of this in one affordable and encrypted solution, would you want to hear more? Of course you would—but as an accountant, you know there is another important aspect to consider: compliance.. And yes, this solution covers that as well.

What are we talking about? Secure Internet portals that allow you to transport client data, and exchange and share information with your clients, in an encrypted and compliant fashion.

A variety of vendors offer these services to accounting firms. Some are customized and hosted on your server using Microsoft Sharepoint; others are hosted by a vendor in a shared environment; and some others are very simple, easy to use and effective peer-to-peer applications like gotomeeting or logmein. The key is to select the services that best match the needs of your firm.

The dual benefit of these products to your clients and your firm should not be underestimated. Before we get into the options, let's look at some benefits:

- Secure file sharing that meets FTC guidelines for the exchange and transport of PII and other confidential client and employee data.
- Fast access to client computers for file transfer and answering inquiries without travel.
- File transfer, remote access and remote printing capabilities for employees and clients in bad weather or emergency situations.

The options and costs vary by product and approach, so please be sure to consult your IT professional and speak to several colleagues before deciding on a solution.

In addition to in-house Microsoft Sharepoint servers, gotomeeting and logmein, other solutions include:

- Hosted sharepoint services which restrict storage space but do not limit the number of users that can use the system (for as little as $10 per month!!).
- SmartVault is a new service that allows you to share QuickBooks files and scanned paper documents.
- Thomson Tax & Accounting services such as GoFileRoom and ClientFlow

All of these options and the many others being used today allow you to share data without the need for large e-mail attachments, which are no longer compliant without secure encrypted email.

In fact, these portals are making payroll services more attractive, cost efficient and effective. How? By creating a paperless process from beginning to end, where the clients enter initial payroll information and can then receive a PDF copy of the paychecks that they can print themselves.

Portals allow clients not only to retrieve and review financial data, but also to fill out their tax organizers, answer online questionnaires, or upload financial data so their accountants can do the processing. This reduces cost and saves time—and if a client misses some data or has to supply more, the process is a lot easier than using postal mail or a telephone interview.

Some clients (and many of you accountants) reading this piece may be skeptical or slow to adopt this technology, but it is growing in popularity and definitely worth discussing.

Ok, now back to your tax returns, and thanks for taking the time to read this!

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— Congressional Agenda —

TAX PREPARATION AND REPRESENTATION FEES

PROBLEM

The Internal Revenue Code and associated regulations, rulings, etc. have become extremely complex in recent years. A 2006 GAO report stated that over 80% of income tax returns filed with the SBSE division of the IRS were prepared by paid preparers, a greater portion of which were not regulated by Circular 230 (non CPA, Attorney, Enrolled Agent and Enrolled Actuary). Additionally, the National Taxpayer Advocate has reported that IRS studies have shown that a significant number of unlicensed preparers do not report all of their earnings and prepare less compliant returns. Since current law allows a deduction for preparer fees only as a miscellaneous itemized deduction subject to a floor of 2% of Adjusted Gross Income (AGI), most taxpayers do not benefit from this deduction and do not insist on reporting them on their tax return. Additionally, since miscellaneous itemized deductions are not allowed for Alternative Minimum Tax, taxpayers may lose the deduction totally.

On January 4, 2010, Douglas Shulman, Commissioner of the Internal Revenue Service issued the **Tax Preparer Regulation Proposal**, which will require all individuals who sign a federal income tax return as a paid preparer to register and obtain a preparer tax identification number (PTIN). In addition, paid preparers who are not CPAs, Attorney, or Enrolled Agents will be required to pass a minimum competency test and complete continuing education requirements to maintain their registration.

On January 6, 2010, the Taxpayer Advocate released her Annual Report to Congress. While she complimented the IRS on the regulation proposal, it was pointed out that the regulation did not address the individual who prepares a tax return but fails to sign the return.

RECOMMENDATION

The deduction for tax preparation and representation fees should be deductible on Page 1 of Form 1040 as an adjustment to AGI, with the requirement that the preparers' ID number (SSN, EIN, PTIN) be listed in order to allow the deduction. This will generate a direct reduction to AGI and taxpayers will not lose the tax benefit due to the above-mentioned limitations. NCCPAP believes that more taxpayers would insist on deducting the fees if they were certain that there would be a tax benefit. Furthermore, unlicensed tax preparers would be more likely to sign returns and report the fee income. As alimony payments are currently a Page 1 adjustment with the requirement of the recipient's Social Security Number for cross-referencing purposes, such a mechanism is already in place. It is our belief that the IRS should collect enough currently unreported revenue from non-reporting preparers to mitigate the potential loss of tax revenue lost by allowing these fees on Page 1.

By implementing the NCCPAP proposal, the IRS will have a mechanism to track paid preparers as to signing and reporting the income from tax preparation work. By requiring the ID number of the preparer and placing the deductibility of the preparation fees on Paged 1 of Form 1040, the taxpayer will be more aware of the deduction and demand that the required information be provided. Additionally, the preparers will now be more aware of the requirement to sign the return and will be subject to the Tax Preparation Regulation Proposal for registration, competency, and continuing education, thereby improving tax compliance.

DEDUCTIBILITY OF LONG TERM HEALTH CARE PREMIUMS

BACKGROUND

Long Term Care Insurance (LTCI) helps taxpayers protect their assets and maintain their financial security should long-term care be needed later in life. While no one likes to think about the escalating costs of nursing homes and other elder care expenses, planning now can provide taxpayers with peace of mind now and in the future.

PROBLEM

A taxpayer may be able to deduct all or part of LTCI premiums paid for themselves, their spouse or a dependent based upon the covered individual's age. The deduction, as it is at present, ranges from a low of $320.00 per year for an individual under 40 years old to a high of $3,950.00 for an individual older than 71. This deduction is currently added to all other deductible medical expenses, the total of which is limited to the amount in excess of 7.5 percent of the taxpayer's adjusted gross income. Therefore, the total expenditure for LTCI premiums faces two limitations before a tax benefit is realized.

RECOMMENDATION

NCCPAP's proposal is to allow a full deduction for all expenditures for LTCI premiums as an above the line deduction similar to the self-employed health insurance deduction. We believe that this will be a revenue enhancer for the US Treasury in the long term.

This change would give individuals the incentive to purchase LTCI. While this would reduce the taxable income for some, it will, on the other side, increase the income for others. As more individuals purchase long-term care insurance, those who are involved in the selling of these policies will see an increase in their income, which would result in an increase in payroll taxes and income taxes. Those selling these policies may find themselves in a new tax bracket, and this would increase the monies received by the Internal Revenue Service. In addition, corporate income would increase as well, resulting in a possible increase in corporate income tax, which would not only benefit the federal government, but State governments as well, which would result in a reduction of federal aid to states. This would also strengthen Medicare/Medicaid as more individuals take advantage of having LTCI, it would be less of a financial strain on the federal and state governments, as the costs would shift over to the private sector.

With the assistance of a current tax savings as an incentive to purchase LCTI, this change would eliminate the need for some long term "planning" to avoid long-term health costs in the future, which results in transfers of assets amongst family members solely to qualify the ailing individual for some type of government assistance. This will allow for future cost reduction for Medicaid assistance. In the long run, the amount of tax dollars

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Congressional Agenda *(continued from page 11)*

saved will far exceed the short-term tax loss and will actually be a net savings to the government in the future as the baby boomers reach an age where assisted living facilities become necessary for these individuals.

HEALTH INSURANCE PREMIUM DEDUCTIBILITY

BACKGROUND

Businesses operating as an unincorporated entity with a single owner report their income and expenses on Form 1040, Schedule C. Unlike an incorporated business, they do not have the ability to claim any health insurance premiums as a deduction against the income that this business generates. A corporation, operating either as a Subchapter S or a C Corporation, is allowed to take health insurance premiums as a deduction in the determination of the entity's net income. An unincorporated business is not.

PROBLEM

With both the Subchapter S and the C Corporations, the owner(s), who are also employees, are paid a salary. Employee benefits, such as the payment of health insurance, may also be provided by the corporation, and are taken as a deduction against income to the extent that is paid by the employer. With an unincorporated business, no such deduction may be taken. The operator of such a business may take the health insurance premium as an adjustment against income on Form 1040, but unlike the corporate owner/employee, the amount paid for health insurance premiums is still subject to Self Employment Tax, as it is not an expense against business income. For example, an S Corporation owner has a salary of $100,000, and the S Corporation has no profit. The expenses of the S Corporation include $12,000 in health insurance premiums. While the premium is added to the shareholder's W-2, it is immediately deducted in the determination of Adjusted Gross Income, resulting in a net result of $100,000 AGI ($100,000 + $12,000–$12,000). Using the same information, this time for an unincorporated business, the owner has to report $112,000 of income. While they also can claim the deduction for health insurance premiums, their Self Employment Tax is calculated on $112,000, not $100,000.

RECOMMENDATION

Health insurance premiums should be allowed as a full deduction against income for an unincorporated business. There should be no difference in the treatment of the deduction based on the type of entity formed.

TAXATION OF EXCESS CAPITAL LOSSES (INDIVIDUALS)

PRESENT LAW

For individual taxpayers, the excess of current year capital losses over current year capital gains is deductible against ordinary income to a maximum of $3,000. Any additional excess is required to be carried forward to subsequent tax years (IRC Section 1211).

PROBLEM

The limitation of $3,000 of excess losses per year has been in place since 1978 with no change or inflation adjustments.

COMMENTS

Congress recognized the impact of the stock market decline in value by granting a one year moratorium on the Required Minimum Distributions from qualifies pension plans for taxpayers 70½ years of age and older. Many taxpayers found it necessary to liquidate all or part of their portfolios in non-tax deferred accounts and recognized substantial capital losses, which they may never be able to take full advantage of in the remainder of their lifetime. The limit of $3,000 has not changed in over 30 years. Adjusted for inflation from 1978, $3,000 is the equivalent of $10,000 today.

RECOMMENDATION

That the limit of $3,000 excess capital loss be increased immediately to $10,000, and in future years be indexed by inflation on an annual basis. To offset the cost of this increased deduction, where the excessive loss is due to long-term losses, the tax benefits should be limited to the long-term capital tax rate.

OFFICE IN HOME— S CORPORATION SHAREHOLDERS

PRESENT LAW

Internal Revenue Code Section 280A(a) states generally that *"in the case of a taxpayer who is an individual or an S corporation, no deduction otherwise allowable under this chapter shall be allowed with respect to the use of a dwelling unit which is used by the taxpayer during the taxable year as a residence."*

Code Section 280A(c) provides for certain exceptions (deductions are allowed) when a portion of the dwelling unit *"is exclusively used on a regular basis… as a place of business which is used by patients, clients, or customers in meeting or dealing with the taxpayer in the normal course of his trade or business"* [280A(c)(1)(B)]. Accordingly, allocated expenses are deductible when one of the three exceptions provided under Section 280A(c) are met.

Code Section 280A(c) (3) provides an additional exception (deductions are allowed) to the extent that the deductions "*are attributable to the rental of the dwelling unit or portion thereof."*

Code Section 280A(c) (6) provides an exception to the exceptions, to wit: *"deductions shall not apply to any item which is attributable to the rental of the dwelling unit (or any portion thereof) by the taxpayer to his employer during any period in which the taxpayer uses the dwelling unit (or portion) in performing services as an employee of the employer."*

The Committee Reports on P.L. 99-514 (Tax Reform Act of 1986) indicate that this law was structured in reaction to the Feldman Case 84 T.C. 1 (1985). The Committee Report states that: *"allowing employees to use lease arrangements with employers as a method of circumventing the restrictions on home office deductions might encourage some taxpayers to arrange sham transactions whereby a portion of salary is paid in the form of rent. Moreover, it is questionable whether lease transactions between an employer and employee are generally negotiated at arm's length…Accordingly, the committee believes that no home office deductions should be allowable…if the employee rents a portion of his or her home to the employer."*

PROBLEM

Some taxpayers have become the unwitting victims of Section 280A merely by their choice of entity which, in many cases, was made without knowledge or consideration of Section 280A. Specifically, a taxpayer, for example a chiropractor, forms a corporation for his practice and makes an election to be taxed under Subchapter S. The practice operates in a portion of the home that is clearly used regularly and exclusively for business purposes. In fact, significant modifications have been made to the residence to accommodate the practice. While the tax code [Section 1372(a)] treats taxpayers that own more than 2% of the stock of an S Corporation as self-employed for fringe benefit purposes, no such language is provided with regard to the use of a home office.

Accordingly, S corporation shareholders are caught between various Code Sections. The individual cannot claim home office deductions on Form 8829 because there is no Schedule C associated with the tax return; therefore no qualified business use exists. However, if the corporation pays the owner rent for the use of the property, the individual can not claim a deduction Schedule E against the rental income due to the limitations provided under Section 280A.

One of our members has recently discussed this issue with a Revenue Agent on audit. He was told to have the corporation make proportionate payments for mortgage, real estate taxes, utilities, maintenance, etc. with a separate corporate check and that the corporation can deduct those payments. We believe that this advice is contrary to the Tax Code for several reasons. Interest deductions are not allowed for payments on a loan for which the entity is not obligated. Principal payments are never deductible. The associated depreciation expense is not available because the corporation does not have an ownership interest in the property and Section 280A thwarts that treatment in its opening paragraph if the corporation did have an ownership interest. Furthermore, we believe that the payments made by the corporation directly would be properly classified as a distribution or compensation to the shareholder under the Tax Code.

If the entity had been formed as a single owner LLC instead, the business would be reported on Schedule C and all of the allowable home office deductions under Section 280A would be available. Section 280A was enacted prior to the existence of the LLC rules under state business laws. In many cases, corporations were formed prior to the availability of the LLC as a choice of entity or prior to the "check the box" regulations that delineate the proper treatment of a single owner LLC. Furthermore, the dissolution of the S Corporation and immediate reformation as an LLC would have a number of adverse tax consequences.

Accordingly, taxpayers in situations similar to this are denied fair and equitable treatment under the Tax Code.

RECOMMENDATION

Section 280A should be revisited. In general, we believe that Code Section 280A should be coordinated with the rules under Section 1372 for S corporation shareholders. Adverse consequences also exist when a taxpayer rents a portion of the residence to a closely held C Corporation pursuant to Code Section 280A(c)(6). A fair and equitable result could be achieved by requiring any rental to the employer to be made at fair market value. IRS has already used the reasonable compensation rules successfully to stop taxpayers from converting compensation into Subchapter S dividends. We understand the need of the IRS to collect a proper amount of FICA, Medicare, unemployment and withholding taxes. This need, however, should not obviate the need to provide fair and equitable tax administration to all taxpayers.

S CORPORATION INCOME SUBJECT TO SOCIAL SECURITY TAX

In a report titled "Additional Options to Improve Tax Compliance," issued August 3, 2006, the Joint Committee on Taxation (JCT) has proposed modifying the determination of income subject to employment, or self-employment tax for the partners in Partnerships and shareholders of S Corporations.

Prior to stating a position on this matter, we should first examine how income is currently treated for Unincorporated Business and Incorporated Businesses.

UNINCORPORATED BUSINESSES: PARTNERSHIPS AND SCHEDULE C

If a single individual operates an entity, the income is reported on Form 1040, Schedule C. If two or more individuals are involved, then the business is treated as a partnership, and Form 1065 is used to report the income. In either of these business situations, the business entity does not pay federal income tax, but rather the sole proprietor business operator in the case of a Schedule C, or the partners of the partnership report the income on their individual tax returns, self-employment tax (SECA) must be paid by the individuals if there is earned income.

INCORPORATED BUSINESSES

A corporation is an artificial, legal entity created by state law, which may be owned by one or more individuals. The corporation itself has two options under which it can be treated for tax purposes, a C Corporation, or an S Corporation. With a C Corporation, the entity reports income and expenses and pays income tax on its net income. In addition, if the C Corporation makes a dividend distribution to a shareholder, these monies are taxed a second time, when the shareholders report the income on their individual income tax returns. If the corporation elects to be treated as an S Corporation, then the corporation pays no federal income tax and the shareholders report their share of the income on their individual income tax returns, pro rata, regardless of whether they receive funds from the corporation or not. Any monies that they receive (distributions) may be received tax-free because the income has already been taxed, subject to basis and at-risk rules.

THE ISSUE

In recent times, many individuals have gone into business for themselves. The S Corporation has become a very popular vehicle for small business, in that it provides protection from liabilities while income is generally taxed once at the personal level. Salary from an S Corporation is reported on Form W-2 and is subject to FICA (payroll taxes) instead of self-employment tax. Net income passed through to S Corporation shareholders on Form K-1 is not subject to FICA or SECA taxes.

HISTORY

The Subchapter S of the IRS Code, was enacted in the 1950s. In

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1959, the Internal Revenue Service issued Revenue Ruling 59-221, which is the original revenue ruling that deals with the treatment of taxable income included in the gross income of shareholders of an S Corporation. The Internal Revenue Code of 1954, Section 1, Subchapter S, Sections 1371-1377 dealt with the taxable status of such corporations. Section 1373 of the Code specifically states that:

> "Each person who is a shareholder of an electing small business corporation on the last day of a taxable year of such corporation shall include in his gross income, for his taxable year in which or with which such taxable year of the corporation ends, the amount he would have received as a dividend, if on such last day there had been distributed pro rata to it shareholders by such corporation an amount equal to the corporation's undistributed taxable income for it taxable year."

The IRS did not envision how the use of the S Corporation would evolve. It is apparent that the IRS in their 1959 ruling envisioned a small group of investors forming a corporation and reporting the income. It was not envisioned that a single individual would open their own business, make the S election, report the income, but in doing so, not report any compensation subject to FICA tax for themselves.

REASONABLE COMPENSATION

The question is in the definition of reasonable compensation. It can be defined as:

> "The theoretical compensation required to hire an outside person to perform the same duties as the shareholder in a similar circumstance."

Some taxpayers may seek to pay unreasonably low salaries to themselves and artificially increase the net income in order to reduce their liability for FICA taxes. The IRS has the right to reclassify a distribution of profits as salary if it determines that compensation is not reasonable. However, the term "reasonable compensation" is a very subjective term. What may be reasonable in one part of the country might be considered to be excessive in another. Also, one entity might show greater gross revenue than another in the same field of business, and therefore, provide a greater compensation. The IRS has determined that reasonable compensation is to be determined by "facts and circumstances" within each individual case.

PROBLEMS

There are several problems with the current situation.

First, there are S Corporations that have more than one shareholder. In some of these cases, some of the shareholders may not be active participants in the business of the corporation. According to the Treasury Inspector for Tax Administration, a difficulty that the IRS has encountered in the examination of officer compensation is the determination of the level of shareholder services rendered to the corporation (TIGTA 202-30-125).

Second, whether a shareholder is active in the S Corporation or not, funds are not always available to be paid as wages even though the corporation has net income at the end of the year. A business entity may need the funds in order to meet its financial responsibilities for operating expenses, debt service, or they may have to use the funds to purchase inventory or other assets. This can result in what some call "phantom income," income that must be reported but not received. While some funds may be available to be distributed to allow the shareholders to meet their tax responsibilities, adding SECA to this may prove to be an undue burden, both on the shareholder of the S Corporation, and the S Corporation itself.

Finally, some S Corporations have been formed to operate real estate ventures which employ professional managers who are not shareholders. The shareholders are passive investors and may not control the day-to-day operations of the corporation. This type of activity should not generate earned income subject to FICA or SECA tax.

NCCPAP POSITION

The National Conference of CPA Practitioners recognizes that this is a serious issue. As the population of the United States ages, the ratio of contributors to recipients of Social Security/ Medicare decreases. The strain on the Social Security system is real but economic crisis should not generate unfair tax policy.

NCCPAP does not believe that classifying all K-1 income from S Corporations as subject to SECA or FICA tax is the answer. Instead, the concept of "reasonable compensation" needs to be revisited so that it can be applied fairly across all levels. This can be accomplished through tests of "active engagement" in the business activity and providing guidance about how the IRS will apply the facts and circumstances concept in practice. While it may be tempting to provide salary ranges for reasonable compensation, this would be a daunting task based on geographical location, special skills and corporation profitability

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In addition, the tax preparer community, in advising their business clients who are S Corporation shareholders, should indicate that the active shareholders MUST draw a reasonable salary.

This is an issue where the CPA profession and the federal government should work together, to achieve a proper balance.

THE ALTERNATIVE MINIMUM TAX (INDIVIDUALS)

BACKGROUND

The AMT was originally enacted in 1969 to address the concerns that persons with substantial economic income were paying minimal or no Federal income taxes due to the clever use of "tax sheltered" investments. The AMT today is affecting an originally unintended class of taxpayer, namely the middle class taxpayers, who are not using what we would call "deferral strategies."

The AMT is a tax that eliminates many of a taxpayer's deductions and leaves the taxpayer paying more tax, sometimes much more, then they were led to believe they would pay especially in light of all of the tax cuts of recent years—many of which have been very well publicized.

The AMT is a special tax applicable only if the amount of alternately calculated tax due exceeds the regular income tax. Individuals must first calculate the regular tax and then modify the calculation with certain adjustments and add backs before subtracting an exemption amount which is determined based on filing status and adjusted gross income.

The individual AMT requires a second tax calculation that is a major compliance burden without a significant policy justification. The failure of the AMT to achieve the purpose it was originally designed for is due to the numerous changes that have been made to the Internal Revenue Code since 1969 which have limited tax shelter deductions and credits which many of the wealthier taxpayers took advantage of for many, many years.

Today, the AMT affects well over five million tax returns and within the next five years it will increase to about one-third of all taxpayers. Currently, it is projected that ninety percent of all households with an adjusted gross income in excess of $100,000 will be subject to the AMT.

PROBLEM

The failure of the AMT to achieve its original purpose can be traced to items that are "personal" in nature and not the result of shrewd, sophisticated tax planning. These items include the personal exemption, medical expenses, state and local income taxes and miscellaneous itemized deductions.

For a very long time most people outside of the professional tax preparer community did not even know that this so-called "second tax calculation" even existed. Today, as more and more middle class individuals are being snared into this trap, they exclaim- "What is an AMT?" when their tax preparer informs them of a much less then anticipated refund or an amount that is due to the U.S. Treasury when a refund was expected. Individuals who prepare their own return and are subject to the AMT are not prepared to calculate it and will eventually receive a bill for the underpaid tax plus interest and penalties.

While the regular tax rates were reduced and adjusted for inflation over the past decade, the AMT tax rates have been unchanged and have not been indexed for inflation; although there have recently been minor adjustments enacted to account for inflation. As the gap between the AMT and the regular tax narrows more people are subject to it.

The AMT is too complex and imposes a large compliance burden. Taxpayer Advocate Nina Olson, has since 2001, in her annual reports to Congress, stated that the AMT now functions "randomly and no longer with any logical basis in sound tax administration." She believes that the AMT impacts the "wrong" taxpayers. We agree with Ms. Olson. The record keeping requirements for two sets of records is burdensome and unfair. Tax simplification can be achieved by an immediate repeal of this tax.

RECOMMENDATION

The tax code should be amended to repeal the individual AMT. It will reduce the complexities associated with the calculations and allow all taxpayers to have their tax calculated fairly and on the same playing field.

Congress is well aware that the Alternative Minimum Tax is affecting a much larger portion of the population than it was originally intended to.

If a total repeal is not possible because of revenue considerations, the law could be amended to exclude taxpayers with adjusted gross income below a certain threshold from having to calculate any potential AMT liability. Each and every "preference item" should be reviewed to determine whether or not the item really belongs as part of the AMT calculation. All miscellaneous deductions should be deductible for AMT purposes as well. The tax rate brackets and exemption amounts for the AMT should be indexed in the same manner as the regular tax.

COMMENTS

The National Taxpayer Advocate has recommended repeal of the AMT in her annual report to Congress every year since 2001. In addition, former President Bush's select committee on tax reform also advocated for repeal of the AMT. The rules for AMT are unnecessarily complex and result in affecting taxpayers not originally intended when the AMT was first enacted. Rather than a provision to prevent high-income taxpayers from avoiding tax through tax planning, the AMT has become a tax on the middle class burdening certain parts of the country greater than others. Repeal, adjustment or reorganization is desperately needed to restore equitable taxation to the middle class taxpayer.

ESTATE TAX REINSTATEMENT

PRESENT LAW

Under the Tax Reform Act of 2001, the estate tax is repealed for 2010. Effective January 1, 2011, the estate tax is reinstated at the level and rates in effect May 6, 2001

PROBLEM

For 2010, this presents an enormous problem for beneficiaries of an estate as there is no step-up in basis on assets over $1.3 million or $3 million for a surviving spouse. There are no rules in place that deal with the allocation of assets with and without step-up. Also, the federal government is deprived of the source of revenue from this tax to operate.

In 2011, the estate tax rates will be higher, with a maximum of 55%. The exclusion will be lower, resulting in greater estate tax paid.

(continued on page 16)

Congressional Agenda *(continued from page 15)*

RECOMMENDATION

Internal Revenue Code Section 641 should be amended to reinstate the Estate Tax retroactively to January 1, 2010. The exemption should be established at $3,500,000, which is to be adjusted annually for inflation. The tax rates should have a maximum of 45%, the "step up" in basis of estate assets to fair market value at date of death should be allowed, and the surviving spouse should be allowed to any unused exemption of the first to die.

CHANGE IN DUE DATES FOR RETURNS

BACKGROUND

With the growth of tax and financial planning, there has in recent years been unprecedented growth in the creation of partnerships and trusts. Changes in tax law and the Internal Revenue Code have now allowed entities, who were previously prevented from becoming co-owners, shareholders, or members of such, to become so. In addition, other changes have allowed for an expansion in the number of members of these entities. This has, in turn, placed an additional burden on the tax return preparers in getting information out to these shareholders on a timely basis.

Two years ago, the Internal Revenue Service made a modification in the due date for Partnership (Form 1065) and Fiduciary (Form 1041) Tax Returns. These returns with a due date for the return of April 15th, had their period of extension shortened by one month, from October 15th to September 15th. This was done as many of the partners, or beneficiaries, had their own tax returns on extension to October 15th, and these individuals would have to file either an incomplete return, followed up by an amended tax return, or file the completed return late, subjecting them to late filing penalty and interest charges.

PROBLEM

The due date for the various income tax returns has not changed. There is still an overwhelming burden on the tax return preparer to meet these deadlines. Despite the development of technology, the human factor—getting the information from the clients, is still a burden on the preparer. The taxpayer, be it a business entity or an individual, operate at their own leisure, making the gathering of information from them for the preparer difficult at times. Many a tax preparer has had a client come to them just before the due date for the tax return, expecting a return to be created immediately. In addition, simultaneous due dates make it difficult for returns to be completed on a timely basis. A business may hold an interest in a partnership, but may not be able to file a tax return timely as it is awaiting the information from the partnership to include in its tax return.

RECOMMENDATION

It is our recommendation that the following changes be made in the due dates, both for an original filing and the extension, if necessary:

Form 1040 – April 15 and October 15
Form 1041 – April 15 and September 15
Form 1065 – March 15 and September 15
Form 1120 – April 15 and October 15
Form 1120S – March 15 and September 15

— IRS Agenda —

TAX PREPARATION AND REPRESENTATION FEES

PROBLEM

The Internal Revenue Code and associated regulations, rulings, etc. have become extremely complex in recent years. A 2006 GAO report stated that over 80% of income tax returns filed with the SBSE division of the IRS were prepared by paid preparers, a greater portion of which were not regulated by Circular 230 (non CPA, Attorney, Enrolled Agent and Enrolled Actuary). Additionally, the National Taxpayer Advocate has reported that IRS studies have shown that a significant number of unlicensed preparers do not report all of their earnings and prepare less compliant returns. Since current law allows a deduction for preparer fees only as a miscellaneous itemized deduction subject to a floor of 2% of Adjusted Gross Income (AGI), most taxpayers do not benefit from this deduction and do not insist on reporting them on their tax return. Additionally, since miscellaneous itemized deductions are not allowed for Alternative minimum tax, taxpayers may lose the deduction totally.

On January 4, 2010, Douglas Shulman, Commissioner of the Internal Revenue Service issued the **Tax Preparer Regulation Proposal**, which will require all individuals who sign a federal income tax return as a paid preparer to register and obtain a preparer tax identification number (PTIN). In addition, paid preparers who are not CPAs, Attorney, or Enrolled Agents will be required to pass a minimum competency test and complete continuing education requirements to maintain their registration.

On January 6, 2010, the Taxpayer Advocate released her Annual Report to Congress. While she complimented the IRS on the regulation proposal, it was pointed out that the regulation did not address the individual who prepares a tax return but fails to sign the return.

RECOMMENDATION

The deduction for tax preparation and representation fees should be deductible on Page 1 of Form 1040 as an adjustment to AGI, with the requirement that the preparers' ID number (SSN, EIN, PTIN) be listed in order to allow the deduction. This will generate a direct reduction to AGI and taxpayers will not lose the tax benefit due to the above-mentioned limitations. NCCPAP believes that more taxpayers would insist on deducting the fees if they were certain that there would be a tax benefit. Furthermore, unlicensed tax preparers would be more likely to sign returns and report the fee income. As alimony payments are currently a Page 1 adjust-

ment with the requirement of the recipient's Social Security Number for cross-referencing purposes, such a mechanism is already in place. It is our belief that the IRS should collect enough currently unreported revenue from non-reporting preparers to mitigate the potential loss of tax revenue lost by allowing these fees on Page 1.

By implementing the NCCPAP proposal, the IRS will have a mechanism to track paid preparers as to signing and reporting the income from tax preparation work. By requiring the ID number of the preparer and placing the deductibility of the preparation fees on Paged 1 of Form 1040, the taxpayer will be more aware of the deduction and demand that the required information be provided. Additionally, the preparers will now be more aware of the requirement to sign the return and will be subject to the Tax Preparation Regulation Proposal for registration, competency, and continuing education, thereby improving tax compliance.

LINE FOR FEDERAL ID (EIN) ON FORM 1040, SCHEDULE E, PAGE 1

PROBLEM

When a taxpayer starts a business or purchases rental property, they may apply for a Federal Employer Identification Number (EIN). Many of these situations involve the creation of a Limited Liability Company (LLC). A single member LLC can be a disregarded entity for income tax purposes and the information regarding income and expenses is reported on the appropriate schedule of Form 1040. A business operating as a single-member LLC is reported on Form 1040 Schedule C, Profit or Loss from Business (Sole Proprietorship). If the entity is involved in renting real estate, then the income or loss is reported on Schedule E, Supplemental Income and Loss (from Rental Real Estate, Royalties, Partnerships, S Corps, Estates, Trusts, REMICS, etc.). In situations involving real estate, when the taxpayer has obtained an EIN for the real estate entity, they may receive a Form 1098 for interest paid on a mortgage, with the EIN of the real estate entity. There is no place on Schedule E, Page 1, to indicate this EIN. Therefore, the taxpayer may receive a notice from the IRS indicating the reporting of an interest deduction, which does not match their Social Security Number (SSN).

Under the Patriot Act, when the taxpayer forms an LLC for liability protection, banks require an EIN that corresponds to that specific LLC in order to open a bank account.

RECOMMENDATION

A line for a federal identification number should be incorporated on Form 1040 Schedule E, Page 1 to avoid any confusion in the future, and provide the ability to match up federal identification numbers with the appropriate tax return to save time and expense to the IRS and the taxpayer.

S CORPORATION INCOME SUBJECT TO SOCIAL SECURITY TAX

In a report titled "Additional Options to Improve Tax Compliance," issued August 3, 2006, the Joint Committee on Taxation (JCT) has proposed modifying the determination of income subject to employment, or self-employment tax for the partners in Partnerships and shareholders of S Corporations.

Prior to stating a position on this matter, we should first examine how income is currently treated for Unincorporated Business and Incorporated Businesses.

UNINCORPORATED BUSINESSES: PARTNERSHIPS AND SCHEDULE C

If a single individual operates an entity, the income is reported on Form 1040, Schedule C. If two or more individuals are involved, then the business is treated as a partnership, and Form 1065 is used to report the income. In either of these business situations, the business entity does not pay federal income tax, but rather the sole proprietor business operator in the case of a Schedule C, or the partners of the partnership report the income on their individual tax returns, self-employment tax (SECA) must be paid by the individuals if there is earned income.

INCORPORATED BUSINESSES:

A corporation is an artificial, legal entity created by state law,

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which may be owned by one or more individuals. The corporation itself has two options under which it can be treated for tax purposes, a C Corporation, or an S Corporation. With a C Corporation, the entity reports income and expenses and pays income tax on its net income. In addition, if the C Corporation makes a dividend distribution to a shareholder, these monies are taxed a second time, when the shareholders report the income on their individual income tax returns. If the corporation elects to be treated as a S Corporation, then the corporation pays no federal income tax and the shareholders report their share of the income on their individual income tax returns, pro rata, regardless of whether they receive funds from the corporation or not. Any monies that they receive (distributions) may be received tax-free because the income has already been taxed, subject to basis and at-risk rules.

THE ISSUE

In recent times, many individuals have gone into business for themselves. The S Corporation has become a very popular vehicle for small business, in that it provides protection from liabilities while income is generally taxed once at the personal level. Salary from an S Corporation is reported on Form W-2 and is subject to FICA (payroll taxes) instead of self-employment tax. Net income passed through to S Corporation shareholders on Form K-1 is not subject to FICA or SECA taxes.

HISTORY

The Subchapter S of the IRS Code, was enacted in the 1950s. In 1959, the Internal Revenue Service issued Revenue Ruling 59-221, which is the original revenue ruling that deals with the treatment of taxable income included in the gross income of shareholders of an S Corporation. The Internal Revenue Code of 1954, Section 1, Subchapter S, Sections 1371-1377 dealt with the taxable status of such corporations. Section 1373 of the Code specifically states that:

> "Each person who is a shareholder of an electing small business corporation on the last day of a taxable year of such corporation shall include in his gross income, for his taxable year in which or with which such taxable year of the corporation ends, the amount he would have received as a dividend, if on such last day there had been distributed pro rata to it shareholders by such corporation an amount equal to the corporation's undistributed taxable income for it taxable year."

The IRS did not envision how the use of the S Corporation would evolve. It is apparent that the IRS in their 1959 ruling envisioned a small group of investors forming a corporation and reporting the income. It was not envisioned that a single individual would open their own business, make the S election, report the income, but in doing so, not report any compensation subject to FICA tax for themselves.

REASONABLE COMPENSATION:

The question is in the definition of reasonable compensation. It can be defined as:

> "The theoretical compensation required to hire an outside person to perform the same duties as the shareholder in a similar circumstance."

Some taxpayers may seek to pay unreasonably low salaries to themselves and artificially increase the net income in order to reduce their liability for FICA taxes. The IRS has the right to reclassify a distribution of profits as salary if it determines that compensation is not reasonable. However, the term "reasonable compensation" is a very subjective term. What may be reasonable in one part of the country might be considered to be excessive in another. Also, one entity might show greater gross revenue than another in the same field of business, and therefore, provide a greater compensation. The IRS has determined that reasonable compensation is to be determined by "facts and circumstances" within each individual case.

PROBLEMS:

There are several problems with the current situation.

First, there are S Corporations that have more than one shareholder. In some of these cases, some of the shareholders may not be active participants in the business of the corporation. According to the Treasury Inspector for Tax Administration, a difficulty that the IRS has encountered in the examination of officer compensation is the determination of the level of shareholder services rendered to the corporation (TIGTA 202-30-125).

Second, whether a shareholder is active in the S Corporation or not, funds are not always available to be paid as wages even though the corporation has net income at the end of the year. A business entity may need the funds in order to meet its financial responsibilities for operating expenses, debt service, or they may have to use the funds to purchase inventory or other assets. This can result in what some call "phantom income," income that must be reported but not received. While some funds may be available to be distributed to allow the shareholders to meet their tax responsibilities, adding SECA to this may prove to be an undue burden, both on the shareholder of the S Corporation, and the S Corporation itself.

Finally, some S Corporations have been formed to operate real estate ventures which employ professional managers who are not shareholders. The shareholders are passive investors and may not control the day-to-day operations of the corporation. This type of

activity should not generate earned income subject to FICA or SECA tax.

NCCPAP POSITION

The National Conference of CPA Practitioners recognizes that this is a serious issue. As the population of the United States ages, the ratio of contributors to recipients of Social Security/Medicare decreases. The strain on the Social Security system is real but economic crisis should not generate unfair tax policy.

NCCPAP does not believe that classifying all K-1 income from S Corporations as subject to SECA or FICA tax is the answer. Instead, the concept of "reasonable compensation" needs to be revisited so that it can be applied fairly across all levels. This can be accomplished through tests of "active engagement" in the business activity and providing guidance about how the IRS will apply the facts and circumstances concept in practice. While it may be tempting to provide salary ranges for reasonable compensation, this would be a daunting task based on geographical location, special skills and corporation profitability

In addition, the tax preparer community, in advising their business clients who are S Corporation shareholders, should indicate that the active shareholders ***MUST*** draw a reasonable salary.

This is an issue where the CPA profession and the federal government should work together, to achieve a proper balance.

FORM 8879 BURDEN PROBLEM

The Internal Revenue Code requires that tax return preparers receive a completed, executed Form 8879 from a taxpayer/spouse, corporate officer or fiduciary before transmitting an electronically filed income tax return. This burden is increased in many states by state requirements that all preparers who prepare more than a minimal number of tax returns file all returns electronically. The time required to prepare, print and mail a tax return for approval, and then receive a signed authorization for electronic submission has made timely filing very difficult as due dates approach.

The Worker, Homeownership and Business assistance Act of 2009 includes provisions that require mandatory e-filing by all preparers who prepare more than ten (10) individual income tax returns, including fiduciary returns for estate and trusts for returns filed after December 31, 2010.

BACKGROUND

During the 1990s the IRS began increasingly to encourage the electronic filing of income tax returns. The purpose of this promulgation (to reduce paperwork and increase IRS efficiency) was commended and is correct. Many states followed the lead of the IRS and subsequently encourage the electronic filing of tax forms (including state specific tax and reporting forms). The state tax jurisdictions also required that preparers obtain an executed form from the taxpayer, similar to IRS Form 8879, acknowledging and authorizing the electronic filing of the form by the electronic return originator (ERO). This requirement was mandated in many states for all tax preparers who prepare more than a minimum number of tax returns, this number varying from state to state. For example, the Commonwealth of Massachusetts mandates electronic filing of all individual income tax returns by preparers who had prepared more than 100 individual income tax returns in the prior year.

Current conditions (e.g. multiple corrected tax reporting statements from brokerage firms) have caused information to arrive in the hands of taxpayers closer to the filing deadline than in the past. Preparers receive this information and have a very limited amount of time to review and process the information and prepare an income tax return. These forms must still be reviewed and accepted by the taxpayer before an electronic filing can be submitted. The acceptance (Form 8879) must be signed, returned to and retained by the preparer. The process for preparation, mailing and receipt of the acceptance form can easily take 7-10 business days. A timely prepared return can easily become late because of protracted processing systems. Preparers are now required to spend time approximately one week before tax form due dates contacting clients who do not return the Form 8879.

In our electronic age, most individuals have access to e-mail, fax machines (and of course, telephones). There are many alternatives to pen and paper approval of tax returns for electronic filing. While the IRS permits taxpayers to transmit executed forms to the preparer by these alternative methods (and we commend the IRS for their effort in this regard), it still does not eliminate the problems encountered by the tax return preparer in actually obtaining the executed Form 8879 from the taxpayer or the additional time spent in obtaining the receipt of these forms from the taxpayer—at a time when we are already overburdened with other compliance responsibilities.

RECOMMENDATION

NCCPAP recommends a modernized approach to the receipt of Form 8879. Enhancements to the present system could possible include "e" postmarked returns which could be submitted and, if necessary, self rejected or filed subsequent to the filing due date (within a specific acceptable time frame) without incurring a late filing penalty. We encourage a dialogue with the IRS to resolve the problem presented.

HEALTH INSURANCE PREMIUMS FOR S CORPORATION SHAREHOLDERS

PROBLEM

The health insurance premiums paid on behalf of all S Corporation shareholders with more than a 2% interest in the corporation are required to be reported on Form W-2 for that shareholder, with the amount being included on Line 1 – Gross Wages. In the case of many small, closely held businesses, payroll tax reports, and W-2s are usually prepared by an outside party from the corporation's owner—a payroll service, or the accounting firm that is engaged by the corporation. Depending on the condition of the books and records, this information may not be readily available to the outside party at the time they are preparing the W-2 forms. In addition, this amount for health insurance in then deducted on Page 1 as an adjustment from Gross Income to Adjusted Gross income (Line 29 on the 2009 Form 1040) on the individual's tax return. This can be a burden on the preparer of the W-2 Forms as they will need to determine the amount of the health insurance premiums paid that needs to be allocated to the shareholders.

RECOMMENDATION

As stated above, the amount for health insurance premiums is taken in full as a Page 1 adjustment on Form 1040. Since it is taken in full, there is no reason for it to be incorporated with the

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IRS Agenda *(continued from page 19)*

shareholder's gross wages, as it will also be deducted on the same form. We recommend that health insurance premiums no longer be required to be incorporated in the shareholder's W-2 for this purpose since there is no impact to the current procedure and it is burdensome.

COLLECTION FINANCIAL STANDARDS

PROBLEM

The Internal Revenue Service has established national standards for certain expenses such as food, clothing, personal care products, out of pocket medical expenses, vehicle ownership costs, rent/mortgage, which are the same for everyone regardless of where they live. These standards are used by IRS representatives and agents for variable allowable cost of living calculations in order to determine a taxpayer's ability to pay the IRS for outstanding liabilities. Specifically, food and clothing allowances are based on national standards while housing allowances are based on state and county standards, and car and transportation allowances are based on regional standards. These standards do not necessarily reflect regional and local differences, which may result in an understatement of allowable expenses for certain taxpayers. For example, the amounts allowed in South Florida for housing and utilities are much too low as compared to actual costs. Mortgage payments are higher in this region, as well as higher property taxes, flood, windstorm and homeowners' insurances.

BACKGROUND

The Internal Revenue Service developed national and regional expense standards to determine allowable living expenses that meet the necessary expense test and to ensure that taxpayers have adequate means of providing for basic living expenses. Regional standards, such as housing and utilities, vehicle operating expenses, and other expenses that meet the necessary expense test, such as health insurance, dependent care, etc., may be adjusted by geographical areas.

The IRS ends up being forced to give to taxpayers a year of lower than calculated installment payments under the "One Year Rule." This rule gives the taxpayer one year to modify their lifestyle. In many cases, the taxpayer will still be unable to make the higher installment payments one year later.

RECOMMENDATION

Since the IRS does not adhere to the Collection Standards, giving the taxpayer lower payments under the "One Year Rule," NCCPAP proposes that the local Housing & Utilities collection financial standards should be adjusted to more realistic and actual amounts, based on the geographic area's specific differentials.

MODIFICATION TO FORM 1098

PROBLEM

Some residences are owned by more than one individual, who may or may not be married to each other. When the taxpayer(s) receive(s) the 1098 Form, reporting the amount of interest paid on a mortgage, or home equity line of credit, only the social security number of the primary individual on the loan documentation appears on the form. If the taxpayer(s) are filing a joint tax return, this is not a problem. However, should the taxpayer(s) not be filing a joint return, this can present a problem in that one or more are taking a deduction for which there is no official reporting of the expense to the Internal Revenue Service. This can result in IRS notices to the taxpayer disallowing deductions being claimed which are not reported, resulting in the taxpayer owing addition tax.

RECOMMENDATION

Form 1098 should be modified to allow more than one social security number to appear, thereby allowing the taxpayer(s), should they need or wish to, allocate the deduction for interest on their respective tax returns.

I-9 FOR INDEPENDENT CONTRACTORS

PROBLEM

Businesses who hire independent contractors do not always get the correct social security or employer identification number. This results in the business owner getting notices from the Internal Revenue Service for this additional information. If the business owner does not have it, this can result in penalties.

RECOMMENDATION

With new employees are hired, they are required to fill out W-4 and I-9 forms, and provide proof of residency and eligibility. With independent contractors, while a W-9 is required to be filled out, no I-9 is required and the business owner is relying on the honesty and integrity of the independent contractor that the information is correct. To protect the business owner, independent contractors should be required to provide documentation of a social security or employer identification number with the completed W-9 Form, and to complete an I-9 Form as well.

Send Your Email Address to NCCPAP!

Like most national organizations, NCCPAP reaches out to members through email. It is the best way for us to keep you up to date with our work in tax regulations, member accomplishments, upcoming events and everything NCCPAP does on behalf of the practicing CPA.

Our membership email list is growing—but it is far from complete. Please send your name, firm name and email address to National office at execdir@nccpap.org. Do it now—before you forget, and before you miss out on another important piece of news from NCCPAP!

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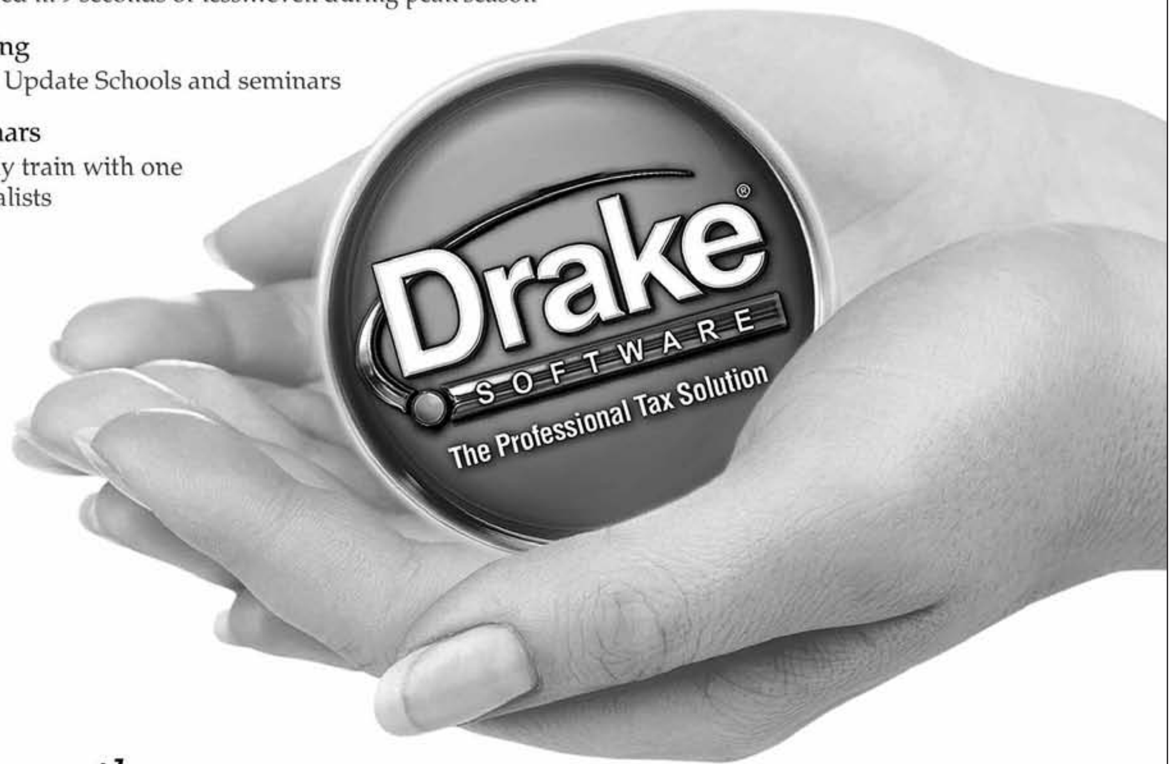

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What's New in Comp and Review:
A Summary of Changes From SSARS 19

by: Frimette Kass-Shraibman, CPA

In November 2009 the Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services (SSARS) 19. SSARS 19 supersedes all the previous statements and makes sweeping changes to the practice of compilation and review services. This article will attempt to summarize some of the major changes in the SSARS.

General Requirements

In general, AICPA members performing compilation and review services are required to abide by the AICPA's Code of Professional Conduct and the Statements on Quality and Control Standards (SQCSs) *(Exposure draft: Proposed statements on standards for accounting and review services. 2009)*

These require that, while performing a compilation or review, an accountant is required to maintain objectivity and integrity and is required to "comply with all other applicable provisions (ibid.)." The SQCSs require that the accountant/accounting firm institute policies and procedures that give reasonable assurance that personnel will comply with SSARS while performing compilation and review engagements.

Changes to Compilation Engagements.

Changes have been made to require the accountant to obtain certain documentation. The first significant change in compilation is the requirement to document that the accountant and client have a clear understanding of the nature of the services to be performed. Hence, an engagement letter should be obtained and included in the workpapers. Secondly, the accountant should document any communications with management regarding fraud or illegal acts (Ratcliffe, Landes, & Glynn, 2009). Third, the accountant is required to document any significant issues that came to the accountant's attention in relation to those financial statements, any actions taken to address those findings and the resolution of those issues (ibid.).

The most interesting change relates to an accountant's lack of independence. Under previous SSARS, a lack of independence did not preclude an accountant from performing a compilation engagement. The accountant was required to disclose the lack of independence in the compilation report; however, the accountant was prohibited from disclosing the nature of the lack of independence. Under SSARS 19, the accountant is permitted to disclose the nature of the independence issue. Many users had lobbied for this change (ibid.). They felt that some of the reasons for lack of independence, such as performing other services for the client, would not interfere with objectivity. Furthermore, explaining the reason for lack of independence would give the user of the financial statements a different view of the report.

Changes to Review Engagements

There are many changes in the review engagement. Many deal with the language surrounding the review engagement. These changes are significant to the perception of the review.

Previously, the accountant gave limited assurance regarding the financial statements. The exposure draft changed this to moderate assurance. The final SSARS accepts both forms of assurance. It is believed that this language 'moderate assurance' is less confusing to users of audited and financial statements (Ratcliffe et al., 2009)*(SSARS 19 replaces 18 previous compilation and review standards.)* …' Limited assurance' is more in line with language used in international standards (Bodine, 2009-2010). SSARS also now talks about 'review risk.' This is the risk that "the accountant may unknowingly fail to modify his or her report on financial statements that are materially misstated. *(Exposure draft: Proposed statements on standards for accounting and review services. 2009).* Previously, the use of the word 'risk' was limited to the audit function. Materiality is also now a concept connected to both compilation and review, not just audit *(SSARS 19 replaces 18 previous compilation and review standards.).*

The new SSARS also requires that in a review engagement the accountant document significant findings, inquiries made and the responses, and the analytical procedures performed and the responses (ibid.).

Generally, an accountant must be independent to perform a review. However, an internal control engagement does not impair independence for a review.

Reports

Changes have been made to the reports that accompany a compilation and review. For a compilation the accountant may disclose reasons for impairment of independence. For both compilation and review there is new language for the paragraph that describes management's responsibility in relation to the financial statements.

Conclusion

ARSC has made the most significant changes to the practice of compilation and review in thirty years. SSARS 19 is effective for financial statements periods ending on or after December 15, 2010 *(SSARS 19 replaces 18 previous compilation and review standards.)*

Earlier implementation is allowed for disclosure of independence impairment in a compilation report. All accountants practicing in this area should become familiar with the new SSARS before reporting on financial statements subject to SSARS 19.

References

Bodine, S. (2009-2010). New guidance for compilation and review. Footnote.

Exposure draft: Proposed statements on standards for accounting and review services. (2009). Retrieved February 9, 2010, from www.aicpa.org/download/auditstd/ED_reliability_SSARSpdf

Ratcliffe, T. A., Landes, C. E., & Glynn, M. F. (2009). A Fresh Approach for Compilation and Review. *Journal of Accountancy*, 208(1), 24.

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CHAPTERS' CALENDAR OF EVENTS — MAY / JUNE 2010

NASSAU/SUFFOLK, NEW YORK

Contact: Chapter Office (516) 997-9500
Chapter Meeting; Reg. /Buffet Dinner 5:30 p.m;. Seminar 7:00 p.m.
Holiday Inn of Plainview, 215 Sunnyside Blvd., Plainview, N.Y.
(exit 46 off the L.I.E.), except as noted

Thursday, May 13, Chapter Meeting
Update of NYS CPA Requirements – 2 CPE credits

Wednesday, May 26, Registration 7:45 a.m.; Seminar 8-10 a.m.
TOPIC: To be announced – 2 CPE credits
On Parade Diner, 7980 Jericho Tpke. Woodbury, N.Y.

Thursday, June 3, Chapter Meeting
Workers' Compensation Update – 2 CPE credits

Thursday, June 24, 8 a.m. – 5p.m. – FULL DAY SEMINAR
Accounting and Auditing Update – 8 CPE credits

Wednesday, June 30, Registration 7:45 a.m.; Seminar 8-10 a.m.
TOPIC: To be announced – 2 CPE credits
On Parade Diner, 7980 Jericho Tpke. Woodbury, N.Y.

LONG ISLAND EAST, NEW YORK

Contact: Chuck Pegler, CPA (631) 582-9090
E-mail: Chuck@PeglerCPA.com

Call for information.

NEW YORK CITY, NEW YORK

Contact: NYC Chapter Office (212) 946-4718
Please call to confirm; meetings, topics, times, locations.

May and June: To be announced.

WESTCHESTER/ROCKLAND, NEW YORK

Contact: Chapter Office (914) 708-9404
DoubleTree Hotel, 455 South Broadway. Tarrytown, N.Y.

Tuesday, May 4, 7:30 a.m. – 9 a.m.
Discussion on Tax Programs – 2 CPE credits

Tuesday, May 18, 6 p.m. – 9 p.m.
Creative Wealth and Transfer Techniques – 2 CPE credits

WESTCHESTER/ROCKLAND, NEW YORK (continued)

Tuesday, June 8, 7:30 a.m. –9 a.m.
Ethics (Basic) – 2 CPE credits

Tuesday, June 22, *6 p.m. – 9 p.m.*
Compilation and Review – 2 CPE credits

NEW JERSEY

Contact: Fred Bachmann, CPA (973) 377-2009
E-mail: bachmanncpa@msn.com
All meetings at Victor's Maywood Inn
122-124 West Pleasant Avenue, Maywood, N.J.
Phone (201) 843-8022/ E-mail: www.maywoodinn.com
6 – 8:30 p.m. – Dinner and Seminar

May and June: To be announced.

FLORIDA

Contact: Neil Fishman (561) 369-3228
All meetings at 1500 Gateway Blvd., Room 220,
Boynton Beach, FL
8:45 a.m. – 10:45 a.m., Registration at 8:30 a.m.

Thursday, May 6
How We Survived Tax Season:
A Roundtable Discussion – 2 CPE credits

Thursday, June 3
Compilation & Review Update on SSARS #19
– 2 CPE credits

MASSACHUSETTS

Contact: Ronald Tockman, CPA (781) 341-2400

May and June: To be announced.

HOUSTON

Call for Information: (888) 488-5400

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