

The Orange County ENROLLED AGENT

The Tax Professionals

Editor: Dale Quelle, EA • 714-899-2221 • 14340 Bolsa Chica Rd. #A • Westminster, CA 92683-4868

Volume 2008-2009 Issue 3 September 2008

September 16th Program

1 Hr CPE Program

Welcome New Member

Sachiko Higa, EA



Chicken Marsala
Penne Pasta, no meat
Garlic Roasted Potatoes
Fresh Veggies
Caesar Salad
Mediterranean Salad
Ambrosia Salad
Apple Strudel
Black Forest Cake

The Vision of OCEA is to serve, to represent the best interests of Enrolled Agents in Orange County, and to emphasize and enlighten the general public that an Enrolled Agent is the premier tax professional.

The Mission of OCEA is to encourage professionalism, personal growth, and educational growth, while providing member benefits and enhancing the role of Enrolled Agents among the local governmental agencies, other professionals, and the general public.

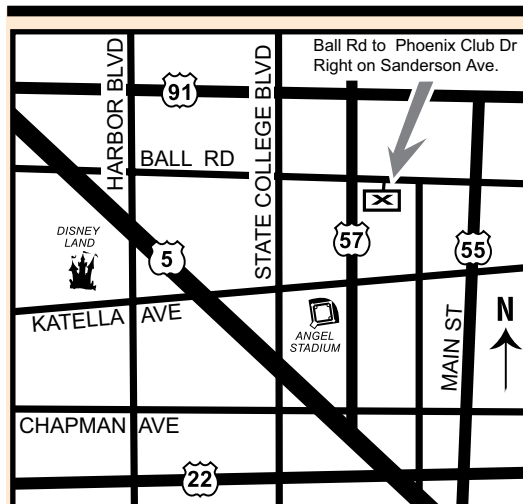
OCEA is 424 members strong and proud to be the largest Chapter of CSEA.

Working from Home & Deducting the Home Office

by Karen Brosi, EA



This session explores the basics for claiming home office, but includes areas not often discussed (except by our clients!). Learn about how to allocate business-use percentage, define “principal place of business”, and get up dated on recent court cases covering home offices and commuting expenses. In addition, we’ll discuss what happens when the home is sold and integrate Section 121 and 1031 for maximum tax savings. Karen is one of our most interesting and lively speakers, don’t miss this opportunity to pick up some pointers from her!



Meetings are held at the Phoenix Club
1340 S Sanderson Ave, Anaheim, CA 92806

Agenda September 16th

4:30 Board Meeting

5:30 Social Time

6:00 Dinner Hour

7:00 1 Hr CPE Program

\$35 for Member pre-registration before 4:00 P.M. on the Friday prior to the dinner meeting; \$40 for on-site registration and for non-members for meetings with 1 hour of CPE credit. Meetings with 2 hours of CPE credit are \$40 and \$45 respectively. Telephone reservations to Dan Carlberg at 714.774.8129 or email reservation@eaoc.org (please include your EA number). If you wish to be added to or deleted from the Permanent List, please contact Dan.

PRESIDENT'S MESSAGE

by Cathy Patel, EA, MBA

CSEA's Scholarship Program has changed. Scholarships are now awarded by the CSEA Education Foundation, no longer by CSEA. There are two scholarship applications: Application S-1 for "California residents not currently or previously licensed as Enrolled Agents" and Application S-2 is for "Enrolled Agents residing in California." Both of these applications are to be sent directly to the Education Foundation, not to OCEA as in the past. Applications are available from CSEA and on their website.

Members of OCEA are now eligible for scholarships for classes such as C-Star, NTPI, etc. Three letters of recommendation are required, as well as answering a few questions and a copy of the class brochure. Scholarships will be awarded quarterly instead of once a year.

Outgoing President Nancy Nesbitt, EA, established the Scholarship Fund in 1984. Since then tens of thousands of dollars have been awarded to students to assist them with their education, particularly to promote the Enrolled Agent profession as a career choice.

Scholarship Awards are funded through the generosity of personal donors and by sponsors, donors, and bidders of the Society's annual Scholarship Auction. With the establishment of the new California Society of Enrolled Agents Education Foundation, Inc., donations to the Foundation's Scholarship Fund are now tax deductible.

The Primary Purpose of the CSEA Education Foundation Scholarship Committee is to foster, improve, and provide access to tax-related information and services available to the general public through education programs and scholarships aimed at increasing the knowledge of current Enrolled Agents and potential Enrolled Agent candidates.

We have been asking for this Member benefit and now it is here!

"It is not the function of the government to keep the citizen from falling into error; it is the function of the citizen to keep the government from falling into error." — Robert Frost (1874-1963)



The Tax Professionals

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Cathy



Notice of Proposed Change to OCEA By-Laws 10,03

The OCEA Board of Directors submits to the Members for ratification the following proposed change to Bylaw 10.03, as requested by CSEA.

10.03 Audit Examination Committee. Prior to the close of the first *third* Board meeting, the President shall nominate, for the Board of Directors confirmation, an **Audit Examination Committee** of at least three (3) Members; the Treasurer shall not be a member of this Committee. The **Audit Examination Committee's** report of the prior year shall be delivered in writing to the Board no later than its second Board meeting.

If you have any questions about the change to this By-law, please contact me. Telephone: 562.590.7276. Cell: 562.826.6641. E-Mail: dshasho1@verizon.net.

Sincerely and Respectfully Submitted By,
David S. Shashoua, JD, LLM, EA
Chairperson of the Bylaws Committee, Parliamentarian,
and director of the California Society of Enrolled Agents,
Orange County Chapter, for 2008-2009 term.

TAX TEASER by Dale Larsen, EA

Mark is an accrual basis taxpayer. He shipped \$500 worth of merchandise to Ralph on December 30, 2007. Mark sent Ralph an invoice January 2, 2008 that was payable in 30 days. Ralph mailed his check to Mark on February 2, 2008. Mark deposited the check on February 6, 2008. Mark received and reconciled his bank statement March 3, 2008.

When does Mark record the \$500 in income?

- A. January 2, 2008 because that is when he invoiced Ralph
- B. March 3, 2008 because that is when Mark verified that the \$500 check had been accepted as a deposit
- C. December 30, 2007, the date when he shipped the merchandise to Ralph
- D. February 6, 2008 because that is when mark deposited the check from Ralph

Answer: C

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Appeals, Release of Levies, Offers in Compromise, Representation in US Tax Court

An Excerpt from IRS' e-News for Tax Professionals July 21, 2008

Nobody likes to get an IRS notice, but understanding the reason for the notice and how to respond can make the process a lot less unpleasant. Automated Underreporter (AUR) cases are created when amounts reported on individual tax returns and amounts reported by third parties don't match.

With few exceptions, every case selected to be worked in the AUR program is manually screened by a tax examiner in an attempt to reconcile the discrepancy. If the discrepancy cannot be resolved, a contact letter is generated – usually a CP 2000.

When preparing tax returns, the following tips can help your client avoid receiving an AUR notice:

- Don't group income amounts
- Explain incorrect payer data or reported amounts that differ from the payer information
 - Avoid netting
 - Report income on the correct line of the tax return
 - Identify reporting from joint accounts
 - Include copies of relevant forms or schedules
 - Maintain detailed records

If your client receives an AUR notice:

- Review the tax return and compare it to the issues raised on the notice.
- If you have any questions, call the toll-free number provided to speak with an AUR representative

Then, follow these final tips to conclude resolution:

- Agree with notice: check option 1 on the response page, sign (both spouses' signatures are needed on married filing joint accounts) and return to the address listed on the notice with a check or money order made payable to the United States Treasury.
- Disagree or partially disagree with notice: check op-



TIPS FROM THE IRS AUTOMATED UNDERREPORTER PROGRAM

tion 2 or 3 on the response page, respond in writing by the notice due date and do not sign the notice. Provide a signed statement explaining the disagreement. Also provide any supporting documents such as Form 1099, Form W-2c, or correspondence from payers explaining changes or corrections. This should include any unusual tax situations such as reporting income in a certain manner or reporting no income at all.

- Amended returns: AUR does not recommend filing a Form 1040X, amended return, when responding to a notice. In certain circumstances this might be the only way to fully explain a case discrepancy. If this is the case, please write "CP 2000" across the top of the original Form 1040X and attach it behind the CP 2000 Response Page.

- Respond using the provided envelope and address: doing so will ensure your response gets to the right place quickly.

- Need more time: call the toll-free number shown at the top of the notice. Generally a 30-day extension is granted beyond the 30-day timeframe

originally granted to respond to a notice. In unusual circumstances additional time may be provided. Interest and penalties continue to accrue during the period of the extension if the tax increase is correct.

- Notice response not timely: the IRS assumes the proposed changes are correct and will continue processing the proposal.

- Assistance: Beginning July 21, 2008 calls made to Practitioner Priority Service will be the quickest method for obtaining assistance. Until then, calling the AUR unit referenced on the notice is the most direct method for resolving your case. Electronic Accounts Services are not available for CP-2000 issues.



Orange County Chapter of the California Society of Enrolled Agents
Presents a 4-Hour Seminar For Your Consideration



ALL ABOUT AMT

According to current estimates, by 2010, over 30 million taxpayers will pay AMT. The numbers begin to spike toward that figure as early as 2008. You and your clients will be affected. This session explores the 10 key AMT "kickers", how the minimum tax credit is applied and when it is refundable, and when prepaying state income taxes might actually reduce AMT. Students come away able to explain how the AMT works, and armed with tips and strategies for planning for the AMT.

Objectives

- Understand how the alternative minimum tax calculation is derived and its relationship to the regular tax.
- Gain knowledge of the principal adjustments that cause individuals to fall subject to AMT.
- Master techniques for explaining the AMT to clients in simple, concise terms.
- Learn to calculate the minimum tax credit and how to apply it in future years.
- Identify tax planning strategies for minimizing the impact of AMT.

Speaker: Karen Brosi, EA

Tuesday, September 16, 2008

Location: The Phoenix Club
1340 Sanderson Ave.
Anaheim, CA 92806

Registration: 12p - 12:30p
Seminar: 12:30p - 4:15p

Fee: \$125 (early bird registration)
\$150 (registered & paid after
Sept. 10)

4 Hours CPE

Questions: Please call Patricia Yeckel, EA (949) 888-2829

Please make your check payable to OCEA or provide credit card information

Mail your check along with your registration form to:

Patricia Yeckel, EA
c/o Canyon Tax & Bookkeeping
22342 Avenida Empresa, Suite 280
Rancho Santa Margarita, CA 92688
Fax: (949) 888-2831

AMT Registration Form

Name: _____
Address: _____ **City:** _____ **Zip:** _____
Daytime Phone:() _____
Email: _____ **EA, CPA or CTEC Number:** _____
Visa ___ **M/C** ___ **AmEx** ___
Card #: _____ **Exp. Date:** ____/____/____ **Security Code:** _____

****Please Note:** It is OCEA's policy not to issue refunds once a registrant has registered for an event or class. However, a written refund request can be submitted to OCEA's Treasurer by the next Board Meeting for consideration by the Board in the following three cases: (1) Cancellation at least 72 hours before the event, (2) a medical emergency preventing the registrant from attending the event, or (3) a death in the family.

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Email _____	Quikfinder Handbook All States	_____	\$70.	_____
	Grand Total	_____		_____

Make Checks Payable to: OCEA.
All orders must be received by Dec 16, 2008 to qualify for discount. Payment must be included with order.

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EXPERIENCED EA WANTED for North OC EA Firm. Proficient in Lacerte & QB. Must have great interviewing skills. Heavy schedule "E", LLC, Corporate, Individuals and out of state return prep. Full-time during tax season. Per Diem after tax season. Will need From Sept 08 for 8 weeks. Possible continuous FT employment. IRS audits/correspondence/representation a plus. Fax Resume to Karla Dennis, EA at 714-995-5218 01/08

CUSTOMER SERVICE REP for busy North OC tax firm seeks rep with excellent communication skills. Must be proficient at MS office & organized. Quick Books and Lacerte a plus. Able to communicate effectively both written and oral. Knowledge of tax returns, Hud statements, acct. and real estate is a plus. Need to be able to communicate with clients for client retention, sales and service. Fax Resume to Karla Dennis, EA at 714-995-5218. Part-time starting 9-1 through Yearend. Full time Jan. 15th

TAX RESOURCES INC IS HIRING tax professionals for the 2009 tax season! Positions are available at our Orange County and Sacramento locations. Enjoy Flexible hours and enjoy great pay. To find out more about our company and our job opportunities, and to apply online, please visit our website at <http://jobs.taxaudit.com>. Ad placed by Sherry Board, EA. 8/08

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OFFICE SUITES available in desirable office building in Tustin. Two sizes are open. On Irvine Blvd. near 55 Fwy and I-5. Call Ken Noland, EA at (714) 505-1925. 01/08

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The Tax Professionals

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UPCOMING PROGRAMS & EVENTS

<u>DATE</u>	<u>PROGRAM / EVENT</u>	<u>CPE</u>	<u>SUBJECT</u>	<u>LOCATION</u>
September 16, 2008 Seminar		4	Beginning Alt. Min. Tax	Phoenix Club
September 16, 2008 Dinner Meeting		1	Working from home	Phoenix Club
October 21, 2008 Dinner Meeting		1	My Client Died Now What Do I Do?	Phoenix Club
November 18, 2008 Dinner Meeting		1	Passive Activities	Phoenix Club