



The Orange County ENROLLED AGENT

The Tax Professionals

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

Volume 2007-2008 Issue 5 November 2007

Welcome New Members

*Patricia Dimery, EA
Handel Jaikumar, EA
Deborah Moore, EA
David Souza*



November 20, 2007 dinner menu

Roasted Turkey
Dressing and Gravy
Chef's Choice Fish
Whipped Potatoes
Cranberry Sauce
Three Assorted Salads
Two Assorted Desserts

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 451 members strong and proud to be the largest Chapter of CSEA.

Nov 20th Program

Tax Resolution Services Can Benefit Your Clients

Presented by Peter Y. Stephan, CPA

It's always rewarding when you can help a business owner who has gotten into trouble with the IRS. You can take pride in helping someone out of a jam and at the same time you make a nice profit for your efforts.

Each hour of every day, our government selects over 100 taxpayers for audit, be it on the Federal or State level. You and I both know that there is profit and personal satisfaction to be had in helping taxpayers - it's a good living.

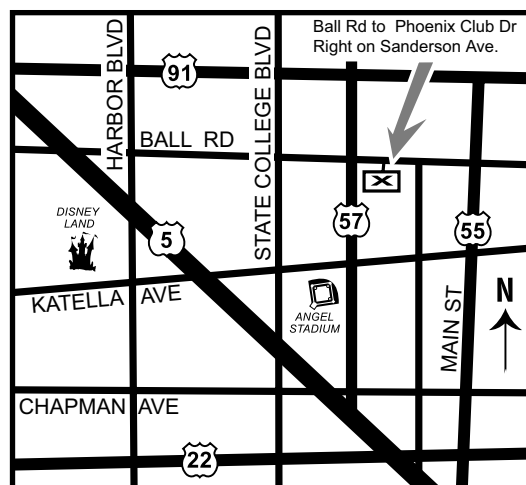
The presentation you are will hear on November 20th is designed to enable you to identify profit-making opportunities in the area of tax resolution. It will enable you to enter an area where there is very little (if any) fee resistance.

Peter Y. Stephan's early research into the tax codes led him to specialize in IRS practices and procedures, in particular, the "collection" area which led him to the tax resolution business.

The tax resolution arena is comprised of many specialties including but not limited to Offers in Compromise, subordination agreements, installment



agreements, bulk sales, trust fund recovery defenses, Dischargeability of taxes in bankruptcy analysis, obtaining release of tax liens etc. These issues apply to both federal and state taxing agencies.



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

Agenda Nov 20th
4:30 Board Meeting
5:30 Social Time
6:00 Dinner Hour
7:00 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

It's that time again - Legislative Month - or this year, three months: November, December, and January. If you would like to be part of CSEAs Legislative Outreach for 2007-2008, please contact me so that I can pass your name on to CSEA. A packet of information will be provided to each volunteer. Any questions, contact OCEAs Legislative Chair Bill Geideman at 714.669.0453. Past experience indicates that the legislators and/or their staff welcome our input!

Lisa Newton is currently accepting questions for the Tax Software Seminar in January (562.267.0351). Lacerte, ATX, Taxworks, CFS, and QuickBooks will be featured by our own Members at this seminar (as voted on by you as the programs most of us use). Let's share our knowledge and get more out of our tax software programs.

CSEA scholarship applications are due to OCEA by October 31st this year. Applications are on CSEAs website. Two letters of recommendation must accompany the application. If you are applying for reimbursement for a prior year SEE class, one of the letters must be from the instructor who taught that class. Punctuation, grammar, spelling, and neatness count. CSEAs Scholarship Committee processes the applications at the Annual Meeting in May; checks are usually sent out in June. Contact Sharon Kay Gordon at 714.974.3696, if you have any questions. If you are interested in an NAEA scholarship, check on the their website for the application and process directly with NAEA.

"The whole problem with the world is that fools and fanatics are always so certain of themselves, and wiser people so full of doubts." Bertrand Russell, philosopher, mathematician, and writer.

Cathy

TAX TEASER by Dale Larsen, EA

The Wilder Trust is a complex trust with a controlling instrument that specifically allocates capital transactions to the corpus of the trust. The instrument goes on to state that \$2,000 will be set aside out of gross income for charitable purposes and that \$10,000 in income is required to be distributed each year. At the end of 2006 the Wilder Trust had \$20,000 in gross income, which included \$5,000 in capital gains. If there was no other information to consider, what would the Wilder Trust's income distribution deduction be for 2006?

- A. \$18,000
- B. \$13,000
- C. \$10,000
- D. \$5,000

Answer: C



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OCEA Fall Update

Friday, November 16, 2007

Hilton Irvine (across from airport) Crystal Ballroom Salon C & D

18800 MacArthur Blvd, Irvine, CA 92612

additional parking available at the Atrium Hotel

8:20a.m. - 4:40p.m. (Registration begins at 7:30 a.m.)

MEMBER \$165 FULL PRICE \$180

(Fee includes lunch & 8 hrs. of CPE)

CTEC #1001-CE-3026

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, or (2) a medical emergency preventing the registrant from attending the event, or (3) a death in the family.



2007 Federal Tax Update

Featuring Bonnie DeSimone, EA

- New itemized deductions • Changes to charitable contributions • New HSA rules
- Accelerated AMT credits • New preparer penalties • New electronic filing procedures
- Newly effective Pension Act provisions • Indexing provisions • New tax forms
- Important court cases • Latest tax acts, including Small Business and Work Opportunity Act of 2007



2007 California Tax Law and Agency Update

Featuring Vicki Mulak, EA

- Federal Legislation: Conformity and Non-conformity
- FTB, EDD, and BOE: Procedural Changes and Rulings
- Essential Court Cases
- California Registered Domestic Partners (RDP)

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OCEA FALL SEMINAR

c/o Joni Terens, EA

17632 Irvine Boulevard, Suite 150

Tustin, CA 92780

☐ \$165 Member Price ☐ \$180 Full Price

Questions? please call Joni Terens at (714) 832-4633

CSEA's Legislative Outreach Speak Tax and Have Your Voice Heard!

CSEA needs every Member (that means YOU) to get involved in CSEA's Legislative Outreach 07-08. During November, December, and January, CSEA is activating its grassroots program and the goal is to make sure every State Legislator is visited at their local district office by at least one Enrolled Agent. Don't let OUR Chapter be the reason this goal is not achieved.

The CSEA Legislative Affairs Committee is hard at work to make it as easy as possible for each Chapter to do their part. CSEA will provide the Chapter Legislative Chair - Bill Geideman, EA - with all of the tools needed to arrange legislative visits in the Senate and Assembly Districts that fall within our Chapter's boundaries. CSEA will also provide those who volunteer to participate with tips on scheduling and making a visit, talking points, a packet of information to take on the visit, and much more.

Contact Bill Geideman, EA at (714) 669-0453 if you are interested in participating. CSEA needs participation from as many Members as possible to make this successful. Please do your part to help spread the word on Enrolled Agents.

CHRISTMAS IN JULY & DECEMBER

by Floyd Allen, EA



The campaign named "Christmas in July" started at a Fullerton Savings and Loan office in the early 1990's when customers asked where they could donate their excess stuff to a worthy charity. The resulting carloads of usable items were delivered to the Women's Transitional Living Center (WTLC) with the slogan "Christmas in July". The idea caught on and numerous organizations, including OCEA, supported the activity both in July and December with donations of food, clothing, canned goods, dry goods, cereals, cash and checks.

The WTLC is a 501(c) (3) organization providing short term help to women and their children who are victims of abusive relationships and have no where else to turn for help. The WTLC is supported by company and public donations to carry on their program at several locations in Orange County and provide a much needed chance for a new start for the victim and her children.

OCEA members have donated generously in past years and we are requesting your participation again at the December meeting by bringing canned goods, cereals, dry and paper goods, toys, clothing in good condition, bedding, house wares, and cash or checks.

Your donation is deductible to the fullest extent of the law...PLEASE BE GENEROUS AND BRING YOUR MUCH NEEDED DONATION TO THE DECEMBER 18th DINNER MEETING.

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All orders must be received by Nov 30, 2007 to qualify for discount. Payment must be included with order.

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IRS Updates National Research Program for Individuals

An excerpt from IRS' e-News for Tax Professionals
IR-2007-113, June 6, 2007

WASHINGTON — Internal Revenue Service officials today announced plans to launch a new National Research Program (NRP) reporting compliance study for individual taxpayers that will provide updated and more accurate audit selection tools and support efforts to reduce the nation's tax gap.

The latest NRP study will be the first of an ongoing series of annual individual studies using an innovative multi-year rolling methodology. The study will start in October 2007 and examine about 13,000 randomly selected tax year 2006 individual returns. Similar sample sizes will be used in subsequent tax years.

An advantage of using this method, which combines results over rolling three-year periods, is the IRS will be able to make annual updates to compliance estimates and develop more efficient workload plans on an annual basis, after the initial three annual studies. Previous studies started from scratch, drew tax returns from a single tax year and involved examinations of more than 45,000 taxpayers.

"The new program will be a big step forward for tax research," said Acting IRS Commissioner Kevin M. Brown. "Our approach will reduce burden on taxpayers, improve our audit selection techniques and give us more timely information to help reduce the tax gap."

The tax gap is the difference between what taxpayers should have paid and what they actually paid on a timely basis. Based in part on the prior NRP reporting compliance study of individual income tax returns, IRS officials estimate that the net tax gap for tax year 2001 was \$290 billion.

Using research from the prior NRP study, the IRS updated its audit selection system. Updated statistics enable the IRS to audit more efficiently and improve the detection of underreported income and overstated deductions and credits. The data also enables the IRS to audit fewer taxpayers with accurate tax returns, which lessens the burden on compliant taxpayers.



The research on individuals needs updating because as time passes, patterns of noncompliance change. The sample for the latest individual NRP is constructed to ensure that it contains sub-samples of individuals at different income levels as well as those engaged in farm and sole proprietor business activities.

The initial group of taxpayers whose returns are selected for audit under the new NRP study will start receiving official letters in October informing them that they are part of the research study.

The majority of individuals will have specific lines of their returns confirmed through in-person audits with an IRS examiner. Some of the individuals whose returns are selected for inclusion will not be contacted if the IRS can obtain matching and third-party data that confirms the accuracy of their return. The targeted research design of the new individual NRP avoids the need for IRS agents to routinely check all the lines of a taxpayer's return.

In addition to the NRP for individuals, the IRS is in the final stages of a compliance research project examining reporting compliance of S corporations. This research encompasses approximately 5,000 returns filed for tax years 2003 and 2004. Since the income and expense items for S corporations flow through to individual shareholders, this study will also help refine the tax gap estimates for individual income tax.

CLASSIFIEDS

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EA TAX-ACCOUNTANT in Long Beach has an immediate opening for an office assistant with strong organizational skills. Call Jim Clark, EA at (562) 248-0500 or email your resume or brief letter of qualifications to jimclark5@verizon.net.

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QuickBooks, IRS audits & correspondence, & tax research. Fax resume to Patrick Hurley, EA at (714) 996-1582, email to taxinfo@equinetax.com.

PART TIME BOOKKEEPERS needed in Tustin. QuickBooks and Peachtree. Contact Ken Noland, EA at cfotogo@companycfo.com

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UPCOMING PROGRAMS & EVENTS

<u>DATE</u>	<u>PROGRAM / EVENT</u>	<u>CPE</u>	<u>SUBJECT</u>	<u>LOCATION</u>
November 16	Seminar	8	Fall Update	Irvine Hilton
November 20	Dinner Meeting	1	Tax Resolution	Phoenix Club
December 18	Dinner Meeting	1	IRS Stakeholder Liaison	Phoenix Club
January 15, 08	Seminar	2	Tax Software Tricks & Tips	Phoenix Club
January 15, 08	Dinner Meeting	2	TaxBook/Quickfinder Tutorial	Phoenix Club
July 18, 2008	Seminar	4	IRS Collection Techniques	Phoenix Club
Jan 11, 2008	Seminar	7	IRS/Practitioner Seminar	Irvine Hilton