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 2010 - 2011 Issue 3 September 2010

September 21st Program **1 Hr CPE**

Domestic Partnerships and Taxes

A Quagmire for Tax Practitioners

Presented by David Lee Rice, Esq.

In the last few months, this area of taxation has been rocked by a magnitude 9.0 earthquake. The IRS, in a Chief Counsel Advisory (CCA), did a 180 degree turn from its prior advice and held that the community property regime for domestic partners will be respected for federal tax purposes. In addition there was recent litigation in the Federal Courts back east over the Defense of Marriage Act (DOMA) and the government lost. Does this mean that you can now file joint returns for Domestic Partners at the Federal level? This is just the first of many questions that will be answered in this lively and spirited discussion on the recent issues surrounding Domestic Partnerships.

OCEA is 445 Members Strong

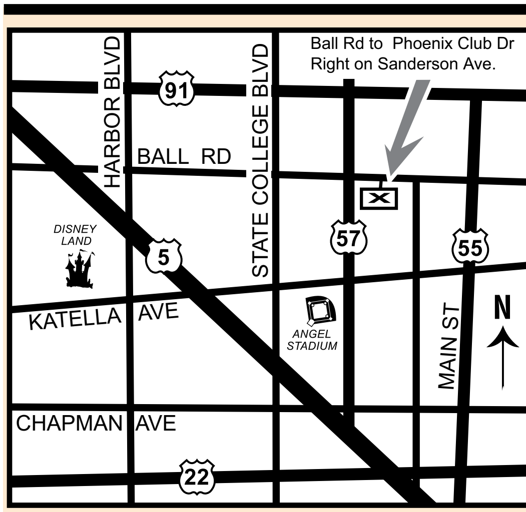
Dinner Menu

Beef Sauerbraten
Chef's Choice Fish
Red Cabbage
Red Parsley Potatoes
Garden Green Salad
German Style Potato Salad
Three Color Pasta
German Chocolate Cake
Carrot 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 445 Members strong and proud to be the largest Chapter of CSEA.



Meetings are held at the Phoenix Club

1340 S Sanderson Ave, Anaheim, CA 92806

Agenda September 21st

4:30 Board Meeting
5:30 Social Time
6:00 Dinner Hour
7:00 1 Hr CPE Program $35/$40

$35 for Member pre-registration before midnight on the Thursday prior to the dinner meeting; $40 for on-site registration and for non-members for mee tings with 1 hour of CPE credit. Meetings with 2 hours of CPE credit are $45 and $50 respectively. To make a reservation go online to our web site www.eaoc.org and select the sign up button next to the event you would like to attend and follow the prompts. If you incur any difficulties signing up contact Donna Miller EA at 562-424-3088 or Lisa Newton EA at 562-267-0351

PRESIDENT'S MESSAGE

by Russell Fox, EA

We now have 445 Members, and we're the largest chapter of Enrolled Agents in the country. I believe we're larger than every state society (except California, of course). But our goal is not just to be large; rather, we want to be the best chapter in the country.

I like to think that we offer some of the best education available. There's still time to enroll in our CTEC Qualifying Course. It begins on September 6th, and includes 60 hours of education (45 federal, 15 California). It's just $425; for more information, contact John Rumbold at jrumbold@rfta.biz And you can still sign up for parts 2 and 3 of our Special Enrollment Examination (SEE) course; contact Patti Kappen at patti@sanjuanfinancial.com for more information. Scholarships are available for the SEE course through CSEA.

The program we had in August was quite timely. Marcia Haber and Julie Schoen discussed elder abuse. Their discussion covered the pervasiveness of the problem, and the signs to look for when you meet with clients. It would be great to think that the world wouldn't take advantage of the elderly; however, we all know that the real world just doesn't work that way.

How many of you are not registering via the website? It really isn't that difficult, and it makes life far easier for OCEA if you do so. Remember, please register by the Thursday prior to the meeting (in September, by the 16th).

The IRS has just announced changes to Circular 230. The changes, available at http://op.bna.com/dt.nsf/id/emcy-88glhe/$File/REG-138637-07.pdf, create the new "registered tax preparer' credential (what all non-EAs, CPAs, and attorneys who prepare tax returns for compensation will be). The changes also impact continuing education offerings. The PTIN regulation that came out last month has sparked some controversy (the AICPA and 30 Congressmen have written to the Secretary of the Treasury in opposition to the regulation); I expect similar controversy regarding the changes to continuing education.

OCEA is run by volunteers (no, I don't get paid for this). We can always use additional help. If you're interested in helping out our Education Committee, contact Devang Mehta at dmehta@pmaadvisors.com. If you'd like to help our Membership Committee, contact Lisa Newton at lisa@eanewton.com. I'm looking for individuals who'd like to serve on the Nominating Committee. If you're interested, email me at rcfox@claytontax.com. Or if you're unsure how you'd like to help, come to a Board of Directors meeting; they're at 4:30pm on the days of the dinner meetings. All OCEA members are welcome.

If you have a topic you'd like to see at a dinner meeting, make sure you complete your evaluation and note it. They are looked at. You can also email our speaker chair, John Kristianson, with your idea at taxxmann@earthlink.net.

It was only a few years ago when August marked the time when we'd have to send in second extensions for our clients. Now, we have until October 15th for all extensions. Hopefully, you will be able to join us for our September meeting. It's another timely topic: The Tax Implications of Domestic Partnerships. The law in this area is definitely in flux, so I hope you can join me on September 21st.

Proposed By-Laws Amendment

Last year the Scholarship Committee and the Board of Directors decided it would be to the Chapter's advantage to discontinue awarding Educational Scholarships at the Chapter level and let applicants apply directly to CSEA and/or NAEA for scholarships. As we receive rebates from Quickfinder and TaxBook sales that must be used for scholarship purposes the Board decided to contribute this money to the CSEA Educational Foundation.

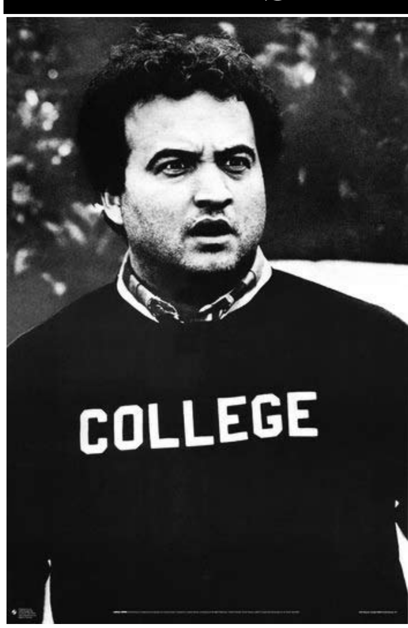
This year, the Board realized that our By-Laws still have a Scholarship Committee as a standing committee and it is no longer necessary. At the August 17th Board meeting, a By-Law Amendment was presented to the Board and is now being presented to all the Chapter Members. The amendment simply removes the Scholarship Committee as a standing committee in our By-Laws. Any By-Law amendment must appear in our Newsletter for two months and then be voted on by Chapter Members. This By-Law will be voted on at our October dinner meeting.

The text of the By-Law Amendment is as follows:
Article 10 Committees
10.04 Standing Committees.
The President shall nominate, for Board of Directors confirmation, the Chairpersons of the following standing committees and delegate responsibility for their functioning to the cognizant Vice Presidents:

a) Bylaws Committee
b) Finance and Budget Committee
c) Membership Committee
d) Professional Education Committee
e) Long Range Planning Committee
f) Public Information and Awareness Committee
(The Vice Presidents shall be members of this committee)
g) Past Presidents' Advisory Committee
h) Legislative Affairs Committee
~~i) Scholarship Committee~~

Any questions, please contact me at (951) 328-0800.
David S. Shashoua, EA Chairman of By-Laws Committee

TAX TEASER



Theodore, age 57, took a $10,000 distribution from his employer's qualified retirement plan to help pay his grandson's college tuition. What are the tax consequences of this distribution?

A. The distribution is not taxable to Theodore because it was used for qualified education expenses of his grandson.
B. The $10,000 is taxable to Theodore, but is not subject to an early distribution penalty because it was used for qualified higher education expenses for his grandson.
C. The $10,000 is taxable to Theodore's grandson but is not subject to any early distribution penalty because it was used for his tuition.
D. The $10,000 is taxable to Theodore and subject to a 10% additional tax.

Answer D

Apply For a NAEA or CSEA Scholarship

by Devang Mehta, EA

Benjamin Franklin once said, "An investment in knowledge always pays the best dividends."

As Enrolled Agents, we rely on our knowledge to pay the best dividends. And we rely on quality education programs to bring others into our esteemed profession. Many of us may or may not have known that there are scholarships available at both the CSEA level and the NAEA level for those aspiring to join our profession. Scholarships offered may fully reimburse the tuition costs, registration fees and books for various education courses and particularly courses designed for the Special Enrollment Exam (SEE) preparation.

Additionally, what you may not have known is that if you wish to expand your practice by adding services such as accounting, finance and broaden your knowledge in the field of taxation, you may also be eligible to receive a scholarship. Courses in Tax Court, National Tax Practitioner Institute (NTPI), C-STAR are examples of courses that qualify for scholarship award eligibility.

The process to apply for scholarships is relatively easy to complete. At the CSEA level, the application for non-EAs is the "Form S-1" and for Enrolled Agents, the application is the "Form S-2". Both forms are found on the CSEA website at www.csea.org, under the "Scholarship" link.

CSEA scholarships are awarded three times a year and the deadlines for receipt of the scholarship applications are currently June 30, September 30 and December 31 of each calendar year.

The NAEA also has scholarship dollars available for grabs. To apply for these scholarships, you will visit the NAEA website at www.naea.org, select the Education tab and click on Scholarships. Applications can be printed directly from the web site.

NAEA scholarships are awarded once a year and have specific filing deadlines related with type of course being taken. Deadlines for the NAEA are usually at the end of May of each year.

It's important to note that funding for scholarships, at both the national and the state levels, is provided through generous donations, various fundraisers and corporate sponsorship, and not through Member dues.

So if you've been thinking about taking that accounting class or investing in your knowledge by attending the NTPI conferences, you should go for it, after applying for a scholarship to help you pay for it. The money is out there to help you grow…you just need to go get it!

FOUND a pair of eyeglasses at the August 18th dinner meeting. Anyone missing a pair of eyeglasses from that event at the Phoenix Club can call Del Schmidt at (714) 573-1720 to claim them.

Embark on a New Career in Tax Preparation

Earn Extra Income

California requires registration by CTEC* to prepare taxes for a fee in the state.

The Orange County Chapter of the California Society of Enrolled Agents invites you to enroll in a CTEC* approved 60-hour Qualifying Education classroom course taught by skilled Enrolled Agents.

Classes start Monday, September 6th to Thursday, November 18th

Monday and Thursday evenings 6:30 PM – 9:30 PM

South Coast College, 2011 W. Chapman Ave., Orange, CA 92868

¼ mile east of the 57 Freeway at Chapman

60 total house of education, 45 Federal and 15 California

* California Tax Education Council (www.ctec.org)

Curriculum Includes:

- Tax History, Accounting Periods & Methods
- Overview of Tax Forms, Marital Status, Filing Status
- Earned Income, Wages, Tips, Etc.
- Standard Deduction, Personal Exemptions
- Deducting the Children & Other Dependents
- Child Tax Credit, Child & Dependent Care Credit
- Unearned Income, Interest, Dividends, Etc.
- Itemized Deductions; medical, Interest, Taxes
- Itemized Deductions; Casualty Losses, Contributions
- Tax Benefits of Education
- Retirement Income, Pensions & Social Security
- Depreciation
- Capital Gains & Sales of Home
- Retirement Planning
- Rental Income & Other Passive Activities
- Travel, Entertainment, & Home Office Expenses
- Estimated Payments, Underpayments
- Amended Returns
- Ethics
- Plus California adjustments and treatment of the above

Course Registration Form

$399 for the course including textbooks ($425 after August 20)

Name: ______________________________

Address: ______________________________

City: ____________________ Zip: __________

Daytime Telephone: ______________________________

Email: ______________________________

Check ___ Payable to **OCEA**

Visa ___ M/C ___ Amex ___ Card # ______________________ Exp. Date __________ Security Code ____

Date Signed __________ Signature ______________________________

Mail, Fax or email to:
OCEA
C/O John Rumbold, EA
3 Winterhaven
Irvine, CA 92614
Fax: 714-242-1888
Email: jrumbold@rfta.biz
Questions: 714-425-7202

Class size limited
Enroll early

PLEASE NOTE: It is OCEA policy not to issue refunds once a student has registered for a course. However, a written request can be submitted to OCEA for consideration at the next Board Meeting in the following three cases; (1) Cancellation at least one week before the event, (2) a medical emergency preventing the registrant from attending, or (3) a death in the family. $160 of the course fee is non-refundable to cover the textbooks which cannot be returned. www.eaoc.org

IRS SPECIAL ENROLLMENT EXAM COURSE

ENROLL FOR PART 2 AND PART 3

The Orange County Chapter of the California Society of Enrolled Agents is offering a review class to prepare YOU for the new IRS Special Enrollment Exam. All parts coincide with the new structure of the exam.

Part 2: Partnerships, C Corporations, S Corporations, Fiduciaries and other topics
SEPTEMBER 11, 18, 25 AND OCTOBER 2, 2010

Part 3: Practice before the IRS, Power of Attorney, Ethics and other topics
OCTOBER 23, 2010

Scholarships available: www.csea.org & www.naea.org

Fee:Part 2 $450., Part 3 $190. or Parts 2&3 $625.
Cost of the textbook is included. Must register at least 10 days prior to class start date to ensure timely book delivery. Later registrations will have to pay a rush delivery charge on books.

Location:	South Coast College, 2011 W. Chapman Ave., Orange, CA 92868
Time:	8:00 AM to 3:00 PM
Instructors:	Vicki Mulak EA, Norm Schmidt EA, Donna Miller EA

Enclose your check made payable to: Orange County Chapter, CSEA. OR charge to your credit card.
___Visa ___MasterCard___Am Ex
Credit card number___________________________
3-digit security code______
Exp. Date____________________
Your name_______________________________
Signature_______________________________
Address_______________________________
Phone/days_______________________________
City___________________________________
State______Zip_____________________

Mail to: Patricia Kappen, 31726 Rancho Viejo Rd. # 215, San Juan Capistrano, CA 92675
Fax to: 949-496-8084
Email: patti@sanjuanfinancial.com or patrecea@aol.com
Call for info: 949-496-1174

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.

What:	**Hodgepodge of Real Estate Issues**
Speaker:	**Karen Brosi, EA**
When:	**October 19, 2010**
Time:	**Noon to 4:00 PM**
Where:	**Phoenix Club**
CPE:	**4 Hours federal CTEC approved**
Price:	**$99 per person**
Registration:	**www.eaoc.org 123**
Info :	**Devang Mehta, EA (909) 861-8100**

Weird Real Estate

The real estate market is volatile, to say the least. And Congress keeps tweaking tax rules surrounding ownership and sales of real property. This medley of real estate-related topics explores several of the most potentially troublesome areas and provides planning strategies for you and your realty clients

Objectives

- Understand how to treat vacation homes & second residences
- Learn what happens to suspended losses when a taxpayer dies, gifts or converts rental property
- Master techniques for §1031 exchanges and the §121 exclusion
- Review home office rules
- Demystify foreclosure and debt cancellation

Major Topics

- Rental real estate and passive activity rules
- Real estate professional issues
- Vacation homes vs. vacation rentals
- §1031 exchanges
- Reverse starker exchanges
- Business use of home
- Sale of personal residence update
- Foreclosure and cancellation of debt
- Mortgage Interest – Getting it Right

The rules for deducting home mortgage interest are arguably the most misunderstood by our clients. Even as tax practitioners who understand the law, we become muddled by endless refinances and the nuances of the tracing rules. This session will tackle what the Code, Regulations and case law say about deducting mortgage interest. Graphics and worksheets will help explain it all to our homeowner clients.

CLASSIFIEDS

WANTED:OFFICE SPACE FOR RETIRING EA- Looking for 200 sq ft windowed office plus small storage area year round with interneting/heat/air/utils/ground floor/ easy client access & available rest-stop. Prefer 3 yr lease. Area : Laguna Niguel/Dana Point/Laguna Woods/Irvine or 'other' convenient location. Call Gene Curtis at (949) 389-9048 or e-mail genecurtis99@gmail.com. 07/10

FOR LEASE: Executive office in suite shared with other tax professionals. Professionally decorated, private deck, reception area, kitchenette. San Juan Capistrano, 216 square feet, wired for cable, computer, phone, fax. $725.00 per month. Call Patti Kappen 949/496-1174 or email patti@sanjuanfinancial.com 08/10

Classifieds available for OCEA members & associates to advertise items for sale or rent, want ads & employment opportunities. Ads run for 2 consecutive months free of charge (longer based on space available. Let us know when your ad is no longer needed). Email to 4quelle@msn.com or FAX to 714-899-2224. Include your name & phone number or email.

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(562) 596-4150

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The Tax Professionals

Visit our Web site

www.eaoc.org

ADDRESS SERVICE REQUESTED

SOCIAL MEDIA SUCCESS SEMINAR!

Date: 9/21/2010
Time: 1:00 PM to 4:00 PM
Location: Phoenix Club
Price: $40 at the door

Many of our OCEA Members are interested in Social Media. They'd like to know if and how it applies it to their tax practice. For some, it's already a part of their daily routine. Others are more cautious and believe that it is "a waste of time."

At our next educational event, please come prepared to learn the "good", "bad" and "ugly" facts about social media. Social Media expert Mark Cofano will present a lively three-hour session on the industry, the behind-the-scene players, and the specific things you can do to make social media a productive and enjoyable part of your business day.

You'll whisper, laugh, cry, jump up and down and cringe as you consider how Social Media has already profoundly impacted most every part of our business, personal and social institutions. What's even more interesting is WHAT IS GOING TO HAPPEN NEXT? You'll even get a step-by-step plan just for you!

Please come listen as Mark brings his views as a 30 plus year veteran of technology innovation and change. He'll also share his opinions of what's coming next and how to take advantage of the next wave if you missed the last one!

UPCOMING PROGRAMS & EVENTS

DATE	PROGRAM / EVENT	CPE	SUBJECT	LOCATION
Sept 6 - Nov 18, 2010			CTEC 60 Hour Tax Prep Course	South Coast College
Sept 21, 2010	Dinner Meeting	1	The tax implications of Domestic Partnerships	Phoenix Club
Oct 19, 2010	Seminar	4	Weird Real Estate	Phoenix Club
Oct 19, 2010	Dinner Meeting	1	Real Estate Topics	Phoenix Club
Nov 16, 2010	Dinner Meeting	1	Representation, the Three Sided Desk	Phoenix Club
Dec 21, 2010	Dinner Meeting	1	IRS Topics	Phoenix Club
Jan 18, 2011	Dinner Meeting	2	Quickfinder Tutorial	Phoenix Club
Feb 15, 2011	Dinner Meeting	1	California Update	Phoenix Club