

# 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 2007-2008 Issue 9 March 2008

## Welcome New Members

Louis Avalos, EA  
Thomas Mullen, EA



## March 18th 2008 dinner menu

Corned Beef & Cabbage  
Chef's Choice Fish  
Rice Pilaf  
German Potato Salad  
Garden Green Salad  
Ambrosia Salad  
German Choc. Cake  
Apple Strudel

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

Mar 18th Program 1 hour CPE

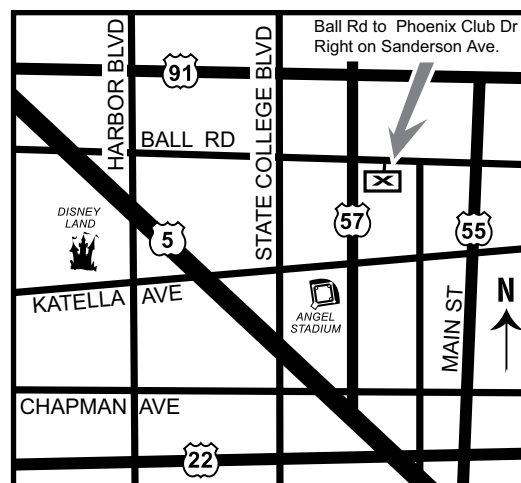
# Short Sales Blessing or Bane?

*Presented by  
Ruth Godfrey, EA*



How do we report them on a tax return? Is there both debt forgiveness and capital gain/loss? What if there's more than one loan? What if there's more than one owner? Are these "good deals" for our investor clients?

This is a hot topic, that we all need to know about this year. You don't want to miss Ruth Godfrey explaining how it all works.



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

**Agenda March 18th**  
**No Board Meeting for March or April**  
**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

Thanks, Lynn Freer, for another great California Update at our February dinner meeting. Lynn brings us all the good news from the Franchise Tax Board each year. And, thanks to all the OCEA volunteers who worked at the Orange County Register Call-In answering questions for taxpayers via telephone, as OCEA does each February.

Floyd Allen was able to deliver \$815 in donations from OCEA to the Women's Transitional Living Center in Fullerton. Thanks to all who contributed!!! OCEA has been contributing to WTLC for many years in July and December.

Please note the change in our dinner topics for May and June. As well as having OCEAs elections in May, Bill Geideman will be presenting two hours of Ethics continuing education. In June, CSEAs President Jennifer MacMillan will present a one-hour seminar on Representation, as well as installing OCEAs new Officers and Directors. Jennifer was originally scheduled to be the speaker at our May dinner meeting but CSEAs Super Seminars needs her there.

The Board has been working on creating a Vision for OCEA. At February's meeting, we decided on the following: "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."

OCEA will again be having its annual TGIO Party on Tuesday, April 15th starting at 5:00 P.M. It's open to all tax practitioners, EAs, and CTEC alike. Bring your staff, family, etc., to this celebration of the END OF TAX SEASON!

OCEAs Planning Retreat this year will be on Friday, June 20th, starting at 9:00 A.M. at The Phoenix Club. It will be one day, this year only, due to our cost-cutting measures to balance OCEAs Budget. All Members are invited. As the Planning Retreat will be local this year, we hope more Members will attend for all or part of the day. Lunch and snacks will be served. Watch for further details.

On March 18 there will be no OCEA Board meeting. We will, however, have our regularly scheduled meeting for Members with dinner at 6:00 P.M. and continuing education on Short Sales and Foreclosures presented by Ruth Godfrey at 7:00 P.M. See you then . . .

"Those who try to build the present in the image of the past will miss out entirely on the challenge of the future." - Winston Churchill

Cathy



*The Tax Professionals*

### President

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Want to enjoy flexible hours and earn great pay? TaxResources, Inc. is hiring tax professionals for the 2008 tax season. Positions are available in our Orange County and Sacramento locations. To find out more about our company and job opportunities, and to apply online, please visit our website at <http://jobs.taxaudit.com>.

**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](mailto:jimclark5@verizon.net).

Enrolled Agent, having active CA real estate brokers' license & notary public credentials, is available for employment or possible partnership. Call Mike Ashrafi EA at (949) 510-1936.

Seal Beach CPA firm seeks an experienced tax preparer for part-time work during tax season and as needed the rest of the year. Must be proficient in individual tax. Some experience with business tax is a plus. Lacerte experience req. Email resume: [debbie@cpaadvisor.com](mailto:debbie@cpaadvisor.com); fax to (562) 431-5755.

Senior EA wanted in Brea for seasonal full time & flex time remainder of year. Proficient with Lacerte, QuickBooks, IRS audits & correspondence, & tax research. Fax resume to Patrick Hurley, EA at (714) 996-1582, email to [taxinfo@equinetax.com](mailto:taxinfo@equinetax.com).

**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.

**OFFICE SPACE AVAILABLE** in Laguna Hills Hillside Plaza Building. 165 Sq. ft. private office. Includes high speed internet access and bottled water. Share reception and kitchen area with 3 EA's. \$635/month. 23161 Mill Creek Drive, Suite 350. Call Terry @ (949) 454-4646.

**TWO OFFICES** available for rent with different square footage at 17821 E. 17th Street, Suite 270, Tustin. Can be used as an executive suite or on your own. Office has availability of a conference room, copier, kitchen facilities and a receptionist. Price depends on requirements. Contact Marilyn Ratliff, EA at 714 505-6700 or [Marilyn@BTIPProfessional.com](mailto:Marilyn@BTIPProfessional.com).

*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](mailto:4quelle@msn.com) or FAX to 714-899-2224. Include your name & phone number or email.*

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# All tax professionals welcome

Celebrate the end  
of tax season  
bring your staff  
to the party.



# TG10 Party

## 15 APR 08

5 - 10 pm

Hosted Beer, Wine & Soda

Hors d' Oeuvres from 5 -6:30

Buffet Dinner 6:30 -8:00

All you can eat Chicken Kabobs & Braised Bratwurst & Spatzle,  
with salads & desserts \$35.

D.J, Dancing til 10pm

At Phoenix Club, Anaheim (see map on front page)



# Five Things You Never Knew Your Cell Phone Could Do!

By OCEA member Ralph Mantecon, EA

There are a few things that can be done in times of grave emergencies. Your mobile phone can actually be a life saver or an emergency tool for survival. Check out the things that you can do with it:



## SECOND - Have you locked your keys in the car?

Does your car have remote keyless entry? This may come in handy someday. Good reason to own a cell phone. If you lock your keys in the car and the spare keys are at home, call someone at home on their cell phone from your cell phone. Hold your cell phone about a foot from your car door and have the person at your home press the unlock button, holding it near the mobile phone on their end. Your car will unlock. This will save someone from having to drive your keys to you. Distance is no object. You could be hundreds of miles away, and if you can reach someone who has the other 'remote' for your car, you can unlock the doors (or the trunk).



## FIRST - Emergency

The Emergency Number worldwide for Mobile is 112. If you find yourself out of the coverage area of your mobile network and there is an emergency, dial 112 and the mobile will search any existing network to establish the emergency number for you, and interestingly this number 112 can be dialed even if the keypad is locked. Try it out.

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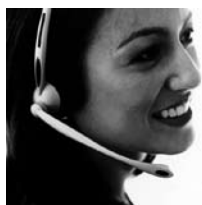
**Appeals, Release of Levies, Offers in Compromise, Representation in US Tax Court**

**THIRD - Hidden Battery Power** Imagine your cell battery is very low. To activate, press the keys: \*3370# Your cell will restart with this reserve and the instrument will show a 50% increase in battery. This reserve will get charged when you charge your cell next time.



#### **FOURTH - How to disable a STOLEN mobile phone?**

To check your Mobile phone's serial number, key in the following digits on your phone: \*#06# A 15-digit code will appear on the screen. This number is unique to your handset. Write it down and keep it somewhere safe. When your phone gets stolen, you can phone your service provider and give them this code. They will then be able to block your handset so even if the thief changes the SIM card, your phone will be totally useless. You probably won't get your phone back, but at least you know that whoever stole it can't use/sell it either. If everybody does this, there would be no point in people stealing mobile phones.



#### **FIFTH - Free Directory Service for Cells**

Cell phone companies are charging us \$1.00 to \$1.75 or more for 411 information calls when they don't have to. Most of us do not carry a telephone directory in our vehicle, which

makes this situation even more of a problem. When you need to use the 411 information option, simply dial: (800) FREE 411, or (800) 373-3411 without incurring any charge at all. Program this into your cell phone now.

This is the kind of information people don't mind receiving.

#### **HAVE SOMETHING TO SAY?**

Readers are encouraged to submit letters to the editor on topics involving our tax profession. Readers can also voice their opinion on matters concerning our chapter. Please include your full name and phone number.

Email your letters to:  
Dale Quelle, EA at [4quelle@msn.com](mailto:4quelle@msn.com)  
or fax to (714) 899-2224.

*The editor reserves the right to edit letters for publication.*

## **Nominees for OCEA Board of Directors**

The following names and their positions have been selected by the nominating committee to be placed on the next ballot for the 2008/2009 fiscal year. The general election will be held at the May 20th dinner meeting. Any member whose name is not on this list may be nominated from the floor by any other member at the election.

President	Cathy Patel, EA
1st Vice President	Patti Kappen, EA
2nd Vice President	Dan Carlberg, EA
Secretary	Patricia Yeckel, EA
Treasurer	Donna Miller, EA
CSEA Director	Lisa Newton, EA

Chapter Directors	Russell Fox, EA
	Sharon Kay Gordon, EA
	Robin Miller, EA
	John Rumbold, EA
	David Shashoua, EA
	David Tomas, EA

## **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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# Direct Sellers and the Tax Gap

An excerpt from IRS e-News for tax professionals

FS-2007-24, October 2007



Some people's income is based on their sales and not on the number of hours they work. They are known as direct seller. Sometimes there is confusion regarding the special set of tax rules that applies to direct sellers.

This fact sheet, the seventeenth in the Tax Gap series, is designed to help direct sellers better understand the rules so they can get the most out of their deductions and pay their fair share of taxes.

The largest portion of the tax gap, or the amount of tax that goes unpaid each year, results from taxpayers underreporting their taxable income. Most people want to pay their fair share of taxes, but many simply need a better understanding of their obligations.

Direct sellers include any of the following:

- \* A person who sells consumer products in the home or a place of business other than a permanent retail establishment,
- \* A person who sells consumer products on a deposit or commission basis, or to other persons who will sell the products in the home or place of business,
- \* A person who delivers and/or distributes newspapers or shopping guides.

Direct sellers have certain things in common. Their compensation is related to sales rather than to the number of hours worked. Services are performed under a written contract between the seller and the person for whom the seller performs the services.

And the contracts involved provide that sellers are not treated as employees for federal tax purposes.

## Income Sources

Direct sellers report income on Form 1040 Schedule C or C-EZ. The various forms of income a direct seller may need to report might include:

- \* Sales,
- \* Commissions, bonuses, or percentages of income received for sales and the sales of others who work for the seller,
- \* Prizes, awards, and gifts received from the selling business, \* Products received for meeting certain sales quotas.

A direct seller must include all income received on the tax return regardless of whether or not he or she received an information return, usually a Form 1099-MISC reporting that income. A seller who sells at least \$5,000 in the aggregate of consumer products to a buyer for resale anywhere other than a permanent retail establishment is required to report the sale by checking item 9 on Form 1099-MISC.

## Expense Issues

Direct sellers can generally deduct ordinary and necessary business expenses. However, start-up expenses are capital expenses and are not deductible unless the seller elects to deduct the expenses. The seller makes an election by attaching a statement to his or her income tax return prepared for the year the business begins and filed by the due date.

Start-up expenses may include the following costs: exploring different direct-selling opportunities; training to be a seller for a product line; fees paid to the company to become a direct seller; and purchasing a starter kit from the company.

Start-up expenses paid or incurred after Oct. 22, 2004, may be deductible the year the business begins by an amount equal to the lesser of:

- \* The amount of start-up expenses, or
- \* \$5,000, reduced by the amount the start-up expenses exceed \$50,000,
- \* The remainder of the expenses may be deducted ratably over the 180-month period beginning with the month the business begins.

(Start-up expense rules were amended in 2004. Expenses paid or incurred on or before Oct. 22, 2004, are treated differently.)

Since direct sellers purchase and sell merchandise, inventories of products at the beginning and end of each taxable year are necessary to correctly reflect taxable income.

Products held in inventory include: merchandise with title vested in the seller; goods under contract for sale but not yet segregated and applied to the contract; and goods out on consignment.

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## UPCOMING PROGRAMS & EVENTS

<u>DATE</u>	<u>PROGRAM / EVENT</u>	<u>CPE</u>	<u>SUBJECT</u>	<u>LOCATION</u>
Mar 18, 2008	Dinner Meeting	1	Short Sales/Foreclosures	Phoenix Club
Apr 15, 2008	TGIO Party	0	Celebrate the end of tax season	Phoenix Club
May 20, 2008	Dinner Meeting	2	Ethics	Phoenix Club
June 17, 2008	Dinner Meeting	1	Representation Update	Phoenix Club
July 15, 2008	Dinner Meeting	1	Social Security	Phoenix Club
Jul 18, 2008	Seminar	4	IRS Collection Techniques	Phoenix Club