OCEA Orange County Chapter of Enrolled Agents

The Orange County ENROLLED AGENT

The Tax Experts

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

www.eaoc.org

Volume 2006-2007 *Issue 6*

DECEMBER, 2006

How to Market Your Practice

Presented by
Jennifer MacMillian

PLEASE NOTE: As we go to press, the speaker bio and presentation details are unavailable. Please watch our website at www.eaoc.org for this information to be posted as soon as it is available.

QUICKIES from the QUILL

YOU CAN HELP! Share for Christmas and support Women's Transitional Living Center (WTLC). Bring your donation to the Dec 19th dinner meeting. See page 4 for the needed donations.

AGENDA
December19th

4:30 Board Meeting
5:30 Social Time
6:00 Dinner Hour
7:00 CPE Program

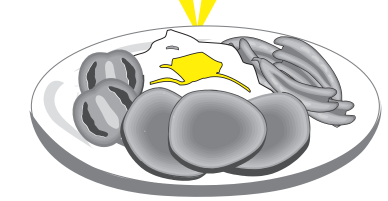
$30 for member pre-registration before 4:00 P.M. on the Friday prior to the dinner meeting; $35 for on-site registration and for non-members.

Phone registration to Debbie Harris, EA at 562-438-6636 or email reservation@eaoc.org (please include your EA number). Debbie will be using last years permanent list for this year, too. If you want to be added to the permanent list, or deleted from it, please contact Debbie.

Wear your name badge– be recognized!

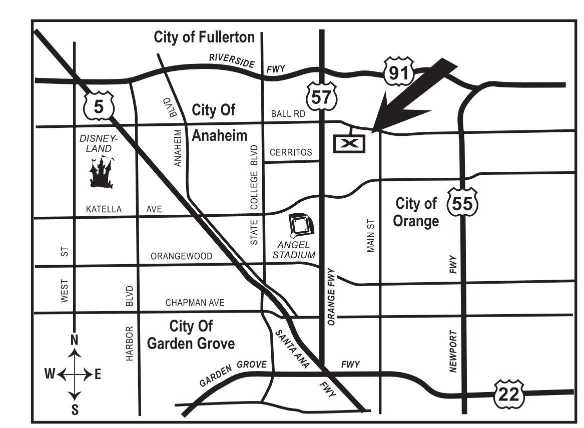
DINNER MENU

- Roast Prime Rib of Beef
- Chef's Choice Fish
- Whipped Potatoes
- Green Beans Almandine
- Garden Green Salad
- Macaroni Salad
- Ambrosia
- Dessert
- Coffee and Iced Tea



MEETING LOCATION

THE PHOENIX CLUB
1340 Sanderson Avenue, Anaheim



DIRECTIONS: Ball Rd Exit from 57 Fwy; Go East to Phoenix Club Dr; Turn South on Phoenix Club Dr; Turn Right on Sanderson Ave.

ALL YOU CAN EAT BUFFET!

UPCOMING PROGRAMS and EVENTS

DATE	PROGRAM / EVENT	CPE	SUBJECT	LOCATION
December 19	Dinner Meeting	1	How to Market Your Practice	Phoenix Club of Anaheim
January9 2007	Practitioner Semunar			
January 16	Dinner Meeting	2	Quickfinder/TaxBook	Phoenix Club of Anaheim
February 20	Dinner Meeting	2	California Update	Phoenix Club of Anaheim
March 20	Dinner Meeting	1	IRS Update	Phoenix Club of Anaheim
April 15	T.G.I.O. Party!			Phoenix Club of Anaheim
May	E-File Seminar			
June 19	Dinner Meeting	2	Ethics	Phoenix Club of Anaheim
July	S-Corporation Seminar			

OCEA The Tax Experts

ADDRESS SERVICE REQUESTED

Members enrolled to practice before the Internal Revenue Service

VISIT OUR WEBSITE! www.eaoc.org

Phone: 714-899-2221
Westminster CA 92683
14340 Bolsa Chica Road, #A
Dale Quelle, EA
OCEA Newsletter Editor

The Tax Experts

Orange County Chapter
California Society of Enrolled Agents

PRESIDENT'S MESSAGE

by Peggy Ligori, EA

I trust all of you had a wonderful Thanksgiving and had many thankful moments with your families. As we approach more of the holiday season, it is now about being with family and giving. Which brings me to my next topic about giving to women and their children who have had their families torn apart. We are again supporting the Women's Transitional Living Center at our dinner meeting this month. There is a list of suggestions inside this newsletter, in order for you to bring needed items to the dinner meeting, and Floyd Allen will graciously collect all the items and take them over to the center for us.

It is also time to think about nominations again for our chapter board of directors. We are looking for some new and fresh ideas. If you or someone you know would like to have a challenging position, and have some new and fresh ideas to share as a director on our board, please fax your recommendations to Marilyn Ratliff, our Nominations Committee Chair at 714-505-7630, or email her at Marilyn@btiprofessional.com.

This year coming up is going to be known as the "Year of the Awards" in conjunction with CSEA's 30th Anniversary. Obviously all of our volunteers should receive a very big *Thank You!* Without them our Orange County Chapter would not exist. If you know a volunteer that you feel should be nominated for their outstanding work and should be nominated as Enrolled Agent of the year through volunteer efforts deemed to have contributed significantly toward the enhancement or improvement of the status of Enrolled Agents in general or the California Society, or Booster of the Year, who is not an Enrolled Agent, who's volunteer efforts shall be cited, or Student Associate and Professional Associate, please email me their names.

I want to wish all of you and your families Happy Holidays.

~ Peggy

TAX TEASER by Dale Larsen, EA

In 2004, Linda sold her partnership interest for $25,000. Her adjusted basis at the time of the sale is $22,500 which includes her $12,500 share of partnership liabilities. When she initially invested in the partnership, she contributed $10,000 worth of equipment. There was no profit or loss at the partnership level at the time she sold her interest. What is the amount and nature of her gain or loss from the sale of her partnership interest in 2004?

A. $7,500 ordinary loss B. $10,000 capital gain

C. $$12,500 ordinary gain D. $15,000 capital gain

ANSWER: D

OCEA Orange County Chapter of Enrolled Agents

The Tax Experts
Chapter Phone: 800-797-1410

President
Peggy Ligori, EA
1532 S Santa Fe Ave Ste 303
San Jacinto, CA 92583
(951) 654-9955, *pmlea@ligoritax.com*

1st Vice President
Cathy Patel, EA
2052 Newport Blvd #6
Costa Mesa, CA 92627-7158
(949) 515-2862, *taxmatters@sbcglobal.net*

2nd Vice President
Debbie Harris, EA
5848 Naples Plaza #204
Long Beach, CA 90803
(562) 438-6636, *debbieha@aol.com*

Secretary
Neal Gallaway, EA
1301 E Lincoln Ave #D
Orange, CA 92865
(714) 637-4339, *nggallaw@sbcglobal.net*

Treasurer
Patty Kappen, EA
31726 Rancho Viejo Rd #215
San Juan Capistrano, CA 92675
(949) 496-1174, *patrecea@aol.com*

Directors
Jack Allen, EA
6321 Dashwood St
Lakewood, CA 90713-2015
(562) 292-3806, *jcallenfp@earthlink.net*

Ken Noland, EA
17461 Irvine Blvd #M
Tustin, CA 92780-3039
(714) 505-1925, *ken@companycfo.com*

Donna Miller, EA
3211 E Second St #3
Long Beach, CA 90803
(562) 424-3088, *dmillerea@aol.com*

Bill Stewart, EA
31726 Rancho Viejo Rd #215
San Juan Capistrano, CA 92675
(949) 584-9374, *billstewart1@sbcglobal.net*

Patricia Yeckel, EA
22342 Avenida Empresa #280
Rancho Santa Margarita, CA 92688
(949) 888-2829, *pyeckel@canyontax.com*

CaSEA Directors
Dona Evans, EA
130-D Centennial Way
Tustin, CA 92780
(714) 838-5002, *devans4u@pacbell.net*

Joni Terens, EA
17632 Irvine Blvd #150
Tustin, CA 92780
(714) 832-4633, *joni@abt-tax.com*

Immediate Past President
Lisa Newton, EA
1901 E Lambert Rd #103
La Habra, CA 90631
(562) 267-0351, *lisa@eanewton.com*

CLASSIFIEDS

Fast growing CPA firm in Anaheim looking for EA or CPA for full-time accounting & tax position. Possible private practice client purchase. Attractive salary & benefits. Call (714) 491-9500 or fax resume (714) 491-9800 to Richard Strayer, EA.

Tax office in Wildomar, (Riverside County) seeking part time experienced CTEC registered tax preparer or EA for upcoming tax season. Days, hours negotiable. Email resume to elyse@eagold.com or fax to (951) 678-6566. Ad placed by member Mary Jo Heiden, EA.

Looking for EA or equivalent for small busy tax office. Need tax preparer able to do sit down interviews, & mailed in tax returns. Also able to prepare business tax returns. Knowledge of Lacerte a must. Some nights, half day Saturday depending on appointment schedule. Salary dependent on experience. Also looking for office help, computer knowledge a must. Fax or email Laura Curtin, EA at 714-894-1055, lbuelt@socal.rr.com

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; fax to (562) 431-5755. Ad by OCEA member Stan DiLiberto CPA.

Looking for part-time consultant to monitor/oversee office & employees' workload & productivity by time reporting & tracking. Must be familiar with all types of business & entity tax return prep & Quickbooks data files. Call Dave Tax @ (949) 673-8299.

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

PRIVATE OFFICE for lease. 2nd floor, 260 Sq Ft, $400/mo. Holds 2-3 people. Professional building; 1 blk from I-5 & 55 Fwys. Call Ken Noland, EA at 714-505-0015

IRS COLLECTION PROBLEM? Call OCEA member, retired IRS Revenue Officer Carl Carter. Phone/fax 949-589-1137, E-mail buick61guy@aol.com preferred.

The Classifieds are now accepting new entries. If you have an item you wish to buy or sell, space to rent or a position to fill, list it here. Email to 4quelle@msn.com or FAX to 714-899-2224. Include your name & phone number or email.

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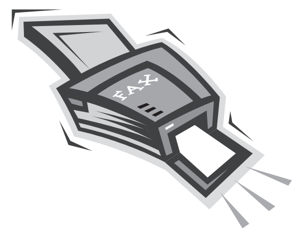
Classifieds available for OCEA members & associates to advertise items for sale or rent, want ads & employment opportunities. Ads run for 2 consecutive months free of charge (longer based on space available. Let us know when your ad is no longer needed). Email to 4quelle@msn.com or FAX to 714-899-2224.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

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**
or fax to (714) 899-2224.

The editor reserves the right to edit letters for publication.

CALL FOR CANDIDATES
to Hold Office for OCEA Officers and Directors

Your nominating committee is looking for the best qualified candidates to lead our chapter as its officers and directors for the 2007-08 fiscal year that begins next July 1st.

Any chapter member in good standing is eligible to serve. Board members are expected to attend all board meetings; participate in the annual chapter retreat; and, faithfully perform the specific duties of the positions to which they have been elected.

Please fax your recommendations to
Marilyn Ratliff at (714) 505-7630
or email Marilyn@btiprofessional.com

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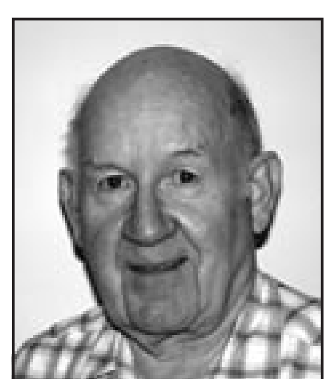
HURRY! YOU CAN STILL ORDER...

It's not too late to order your 2006 TaxBooks and QuickFinder Handbooks and receive your special OCEA member discount.

ORDER NOW... for delivery at the January 16, 2007 OCEA dinner meeting!

For last-minute orders please call Floyd Allen, EA at 714-871-6429



NTPI Fellows

By Steve Davis, EA and Dale Quelle, EA

Enrolled Agents-THE Tax Professionals-authorized to represent taxpayers before all administrative... Most of us start our EA explanation in this manner. Because EAs are authorized by the IRS to represent taxpayers, NAEA has set up a course of study, available to all Circular 230 practitioners, to train them to become proficient in the skills of representation. The course is in three parts, consisting of about 24 hours in each part, and is known as the National Tax Practice Institute. It has become recognized as the premier training program in tax representation. NTPI.

Practitioners who complete all three parts of the course of study graduate to become NTPI Fellows. While NTPI is not the only way to acquire the expertise in representation, it is certainly one of the fastest and the best. Our Chapter has many competent representatives, but only a few have obtained the NTPI Fellows qualification. The following members of the Orange County Chapter have been identified as NTPI Fellows. They are:

Clayford Ball, EA	Yvonne Kirkendall, EA
Thomas Bass, EA	Langdon Lai, EA
Anita Brace, EA	Jacob Lifshin, EA
Gary Branch, EA	Peggy Ligori, EA
Henry Broussard, EA	Ralph Mantecon, EA
Laura Curtin, EA	Donna Miller, EA
Robbie Daly, EA	Roger Murray, EA
Kathy D'Ambra, EA	Lisa Newton, EA
Marcia Davis, EA	Jon Nichols, EA
Karla Dennis, EA	Gary Ochsner, EA
Joseph Dimino, EA	James Polen, EA
Bill Geideman, EA	Dale Quelle, EA
Barbara Gentosi-Booher, EA	Marilyn Ratliff, EA
Sharon Kay Gordon, EA	Jacqueline Rawson, EA
Sherrill Gregory, EA	Charles Rusky, EA
Joseph Guccione, EA	H.N. Shah, EA
Keith Hassett, EA	Al Shifberg-Mencher, EA
Thomas Hess, EA	Karen Siegler, EA
Ernest Hicks, EA	Judee Slack, EA
Art Husami, EA	Craig Smith, EA
Gerald Hypes, EA	Sondra Tilman, EA
Patricia Kappen, EA	Robert Vaughn, EA
Kathleen Keipp, EA	Bill Williams, EA.

As we move into the areas of compliance, you may have been considering NTPI. Ask any Fellows what NTPI has meant to them. Or ask our members who are part-way through the course what they think of the training. If you are an NTPI Fellow, and your name was not listed, please notify the editor so that your name can be added to the Chapter's Fellows List. Members of the Chapter need to know who have established themselves with this advanced professional designation. Also, they may want to network with you in making a referral on a particularly difficult situation.

To inquire about NTPI enrollment you can call NAEA at (202) 822-6232 or logon at www.naea.org.

Ask your Chapter Scholarship Chair about applying for a scholarship to attend NTPI. The OCEA scholarship chairperson is Bill Stewart, EA. Contact Bill at (949) 584-9374 or billstewart1@sbcglobal.net

PROFESSIONAL FEES

by Bryan Gates
American Academy of Tax Practice

One of the biggest challenges for tax professionals is the process of setting their fees. What makes one service professional able to charge $500 versus a professional down the street who charges $175 for the same return? What can you reasonably charge for your services?

Pricing: A Lesson From Picasso
(excerpt from Selling the Invisible, by Harry Beckwith)

A woman was strolling along a street in Paris when she spotted Picasso sketching at a sidewalk café. The woman asked Picasso if he might sketch her and charge accordingly.

Picasso obliged. In just minutes, there she was, an original Picasso.

"And what do I owe you?" she asked.

"Five thousand francs, " he answered.

"But it only took you three minutes," she politely reminded him.

"No," said Picasso. "It took me all my life."

Don't charge by the hour. Charge by the years!

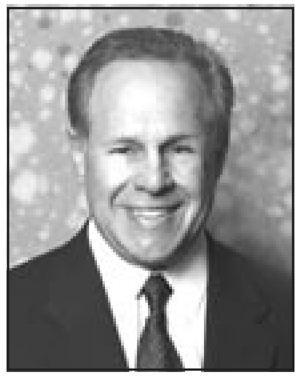
You have every right to be well compensated for your knowledge and experience. The most successful tax advisors understand this and price accordingly. They realize that their role is not just to prepare a tax return. But to provide clients with year-round access, guiding them in their financial decisions. Top producers are tax planners, not tax preparers.

Analyze your own fee schedule. What would happen this year if you raised your fees 10%, 20%, 25% or even 50%? Would clients really leave you? If some would leave, would serving fewer clients that pay a premium generate the same or greater income?

Professional fees should be based upon several factors; the most important of which includes time and labor involved, the skill required to perform the professional services properly, complexity of the assignment, and, value of the service to the client.

WELCOME NEW MEMBER!

- Vic Abajian, Esq
- Diane Kim, EA
- Takako Scott, EA



How To Help Improve Your Client's FICO Scores

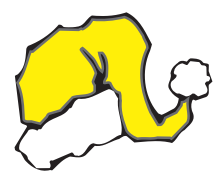
by Harvey Garte

When your clients apply for a mortgage, their FICO scores will determine the type of mortgage they can get and the lender that they can get it from. Their scores will also be a determining factor of their interest rate and the amount of their monthly mortgage payment. Three credit agencies provide the lender with your client's FICO scores. The scores range from 350 to 850, with anything over 740 considered excellent. The 3 credit agencies have access to all of the companies that your clients have had credit with and to public records to further determine their credit history.

Here are some tips you can give to your clients to help them raise their FICO scores:

1. Rather than have only one or two credit cards where they are at or near the limit, have 4 or 5 credit cards that are used equally so there is always additional available credit;
2. Paying off very old overdue balances is not suggested and could actually hurt their FICO scores. They should only pay overdue balances that are less than one year old. If they have small items in dispute that they cannot resolve when the dispute first arises, they should pay them right away; even if they believe they are in the right, in order to keep their FICO scores as high;
3. The credit agencies scoring is based on your client's payment history. If they can't pay all of their bills each month on time, the one to always pay on time is their mortgage payment, because most lenders will not approve a new mortgage if the borrowers had two or more 30-day lates on their mortgage payment history during the past few years;
4. Paying their bills late will hurt their FICO scores. They should make every effort to pay their bills on time;
5. Having too many credit cards with high balances owing will hurt their FICO scores. Therefore, they should try to control their spending and the number of credit inquiries;
6. The three credit reporting companies give the husband and wife individual scores. Most lenders use the middle score of the spouse who earns the most income. If they have a middle score below 640, they will more than likely be forced to get a mortgage from a sub-prime lender, which means that 640 is an important minimum number to maintain. Typically, sub-prime lenders charge higher interest rates and fees than prime lenders charge;
7. Some people make a living by claiming they fix credit scores. Quick-fix efforts can backfire and your clients can end up wasting their money. My best advice is they should make every effort not overspend and to manage their credit responsibly;
8. Tell your clients not to go furniture or car shopping before applying for a mortgage. Wait until after they have closed on the mortgage; and
9. Tell them to get rid of any credit cards that they use infrequently. This too will help improve their FICO scores.
10. Your clients look to you as their financial advisor. Helping them with their credit rating is an important benefit that you

This article was written by Harvey Garte, a non-practicing CPA, who is a Senior Loan Officer at Back Bay Funding in Newport Beach. Harvey is a mortgage broker who helps borrowers who wish to purchase or refinance a home or commercial property. Harvey's website is www.nopointloans4u.net. Contact him at harvey@nopointloans4u.net or (cell phone) 949-235-6430.



SHARE FOR CHRISTMAS

ONCE AGAIN IT IS TIME to show our support of the wonderful work done by our friends at the Women's Transitional Living Center (WTLC). They help battered women and their children.

We will be collecting Bisquick, boxed pasta, rice and potato dishes, canned fruit and vegetables, cereal, baby wipes, bath soap and shampoo, coffee, creamer and sugar, diapers (infant through 5), paper towels, toilet paper, toothbrushes and toothpaste. Or just a $10 gift will go a long way to show we care.

Bring your donations to the DECEMBER 19th dinner meeting.

Is Anyone To Blame?

....a conundrum offered by the IRS

A taxpayer submitted an elaborate Statement of Reasonable Cause setting forth a rationalization that he could not be liable for a late filing penalty because his tax advisor had never informed him that a return was due. He further explained to the Revenue Officer that under these circumstances the Service could not blame him.

The Revenue Officer received the statement and advised the taxpayer that a decision would be reached in 10 days. Ten days later the Revenue Officer called the taxpayer and informed him that the late penalty would be asserted adding that it was his supervisor who had made the decision and that under the circumstances the taxpayer could not blame him.

C$EA IN ACTION

JIM STERN LEGISLATIVE DAY 2007!

Legislative Day 2007, your opportunity to...

- Represent the Enrolled Agent profession at the State Capitol
- Improve your understanding of CSEA's legislative activities

- Learn about the legislative process
- Visit with legislators or legislative staff (CSEA will schedule visits for you).

EVENT:
January 5, 2007
11:30 a.m. – 3:30 p.m., 11:00 a.m. registration
Lunch provided
$35 until December 24, $45 thereafter
No refund for cancellations received after December 1

HOTEL:
Holiday Inn Sacramento Capitol Plaza
300 J Street
Sacramento, CA 95814
916/446-0100
Room rate: $104 single; $114 double (plus tax)
Parking fee not included

REGISTER FOR THIS EVENT TODAY!
Register online at www.csea.org/events

REGISTRATION

NAME ______ LICENSE # ______
COMPANY ______
ADDRESS ______
CITY/STATE/ZIP ______
DAY TIME TELEPHONE ______ EMAIL ______

MAIL TO:
CSEA, 3200 Ramos Circle, Sacramento, CA 95827-2513

OR FAX TO:
916/366-6674

Who are your Legislators?
Please provide us with your home address so we can match you with your legislators and make appointments for you.

ADDRESS ______
CITY/STATE/ZIP ______

❑ CHECK HERE IF YOU REQUIRE A SPECIAL MEAL OR OTHER ACCOMMODATION (PLEASE EXPLAIN)

PAYMENT INFORMATION

Total Amount Due ______

❑ Visa ❑ MasterCard ❑ AMEX ❑ Check Enclosed

CREDIT CARD # ______ EXP. DATE ______
CARDHOLDER'S SIGNATURE ______
CARD BILLING ADDRESS IF DIFFERENT THAN ABOVE ______

OFFICE USE ONLY		
SACO	BATCH	$